



BUSINESS STUDIES

CHAPTER 2

PRINCIPLES OF MANAGEMENT

Very Short Answer Questions

1. State the role of 'Gang Boss' in functional foremanship.

Ans: Gang boss ensures that both the workers and machines are fit for the production. Hence, he is responsible to keep machines and tools in a ready state of work.

2. What is meant by Management principles?

Ans: Management Principles are broad and fundamental truths that establish relation between cause and their effects. These principles serve as guidelines for managerial decision-making and their course of action.

3. State the technique of scientific management which is the strong motivator for a worker to reach standard performance.

Ans: Differential Piece wage system

4. State the role of 'route clerk' in functional foremanship.

Ans: Route clerk gives or tells the order or route in which the given task should be completed or accomplished. Hence, he is responsible for the specification of the production route.

5. Factory owners or managers relied on personal judgement in attending to the problems they confronted in the course of managing their work. Which principle of Taylor is it referring to?

Ans: Science not Rule of Thumb

6. What do you mean by Mental Revolution?

Ans: Mental revolution involves transformation in the thinking of both the management and workers from competition to cooperation

7. Name the organizational structure which helps in increasing managerial and operational efficiency.

Ans: Functional Structure

8. A company manufacturing motorcycles and cars should have separate divisions for both, headed by separate divisional managers, separate plans and resources. Identify the principle with the help of this example.

Ans: Unity of Direction.

9. The directors of XYZ limited, an organization manufacturing computer, wants to double the sales and have given the responsibility to the sales manager. The sales manager has no authority either to increase sales expense or appoint new salesmen. Hence, he could not achieve this target. Identify the principle violated in this situation.

Ans: Principle of Authority and Responsibility.

10. Who suggested the concept of functional foremanship?

Ans: Fredrick Winslow Taylor.

11. A subordinate receives order from more than one boss'. Which principle is violated?

Ans: Unity of Command.

12. Hina & Hitesh are typists in a company having the same educational qualification. Hina is getting Rs. 3000 per month and Hitesh is getting Rs 4000 per month as salary for the same work hours. Which principle of management is violated in this case? Name the principle and explain it.

Ans. Principle of Equity is violated in this case. This principle states that employees at similar positions must be treated equally and management must be fair, kind and just towards its employees.

13. What is meant by flexibility of principles of management?

Ans: Flexibility of principles of management means that the managers can modify the principles according to their need and use them creatively for solving the business problems.

Short Answer Questions

14. Explain why is it said that principles of management are 'mainly behavioral' and 'contingent' in nature. Also explain how principles of management 'provides managers with useful insights into reality' and 'helps in thoughtful decision-making'.

Ans: The principles of management are 'mainly behavioral' and 'contingent' in nature and 'provides managers with useful insights into reality' and 'helps in thoughtful decision-making'. This can be explained as follows:

- **Mainly Behavioural:** Principles of management explains the relationship between human and physical resources but they influence human behaviour the most while achieving organisational goals.
- **Contingent:** The applicability of principles of management depends

on the given situation and that point of time according to the needs in which that situation happens.

- **Provides managers with useful insights into reality:** The principles of management are formed after experimentation and practice. So they provide ideas, hints or guidelines to cope up with similar business problems.
- **Helps in thoughtful decision-making:** Principles of management based on experiments, observations and logic provide realistic, timely objective assessment of the given situation.

15. Explain the principles of scientific management

Ans: The principles of scientific management are as follows:

- **Science Not Rule of Thumb:** Each and every task performed in an organization should be based on a scientific study and analysis instead of hit and trial method. There should be a scientific plan along with standardised equipment to do work efficiently and effectively. Hence to simplify the tasks, and promote ease in its performance, new techniques and methods need to be developed and the management should not keep using the age-old methods and techniques.
- **Harmony, not discord:** This principle states that management and workers must have good understanding and faith amongst them. The combined efforts of management and workers help in achieving organisational goals.
- **Cooperation Not Individualism:** It is an extension of Harmony, Not Discord. This principle states that each individual must work in the organisation towards achieving organisational goals. Both management and workers must work as a team to achieve desired results effectively and efficiently.

Development of Each and Every Person to his or her Greatest Efficiency and Prosperity: According to this principle, organisations must appoint individuals who have capability and ability to perform required work. It must provide continuous on the job training for employees to improve productivity and achieve growth.

16. Explain briefly 'discipline' and 'scalar chain' as principles of general management.

Ans: The explanations are:

- a. **Discipline:** Discipline means following organisational rules and terms of employment agreement while working in the organisation. To maintain discipline, an organisation must have a good supervisor, clear and fair agreements and judicious application of penalties.
- b. **Scalar Chain:** This principle states that organisation must follow a line of authority and communication from the highest to the lower ranks. Only in emergencies, the two people at the same authority levels but working in different departments may follow the concept of gang plank and

communicated directly.

17. **Sanchit, after completing his entrepreneurship course from Sweden returned to India and started a coffee shop 'Aroma Coffee Can' in a famous mall in New Delhi. The specialty of the coffee shop was the special aroma of coffee and wide variety of flavors to choose from. Somehow, the business was neither profitable nor popular; Sanchit was keen to find out the reason. He appointed Sandhya, an MBA from a reputed college, as a manager to find out the causes for the same. Sandhya took feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analyzed and found out that there were many unnecessary obstructions in between which could be eliminated. She fixed a standard time for processing the order. She also realised that there were some flavors whose demand was not enough. So, she also decided to stop the sale of such flavors. As a result, within a short period Sandhya was able to attract the customers. Identify and explain any two techniques of scientific management used by Sandhya to solve the problem.**

Ans: Techniques of scientific management used by Sandhya to solve the problems were:

- a. **Motion Study:** It is a study of movements undertaken while doing a job. It eliminates unnecessary movement to complete the task in minimum time with greater efficiency. In this case Sandhya identified many unnecessary obstructions in between the processes which could be eliminated.
- b. **Simplification of Work:** It means simplifying work by eliminating needless varieties, sizes, dimensions etc. of products produced to utilise resources optimally and reduce labour and overhead costs.
- c. In this case, Sandhya stopped the sale of those flavors whose demand was not enough.

18. **Explain briefly 'Unity of Direction' and 'Order' as principles of general management.**

Ans: The explanations are:

- a. **Unity of Direction:** This principle states that each department or group of activities with the same objective should have their own plans and must be headed by independent incharge. One head and one plan concept must be followed.

- b. **Order:** This principle states that there should be orderliness in the organisation. It means there should be a defined place for all resources and all resources should be in the assigned place.

For Example: In a plant layout, production is supposed to be taken on Machine 1 and Machine 2 in a sequence, then both the machines should be arranged near to each other. If both the machines are far away from each other, then there can be delay in the production process, thus causing reduced productivity, and high costs.

19. How are management principles derived?

OR

"Derivation of management principles may be said to be a matter of science." Explain.

Ans: Management principles are derived after observation, experimentation and practice by different managers. These principles evolved over a long period of time after continuous practicing and personal experiences of the managers in the past in real life situations. Management principles are based on human behaviour and can be used creatively by the managers according to the given situations.

20. 'Discipline is double-edged tool' Comment.

Ans: Discipline is a double-edged tool as it is not only related to formation of rules and regulations for the employees of the organisation but also to motivate or encourage them to follow these rules and regulations. To maintain discipline, an organisation must have a good supervisor, clear and fair agreements and judicious application of penalties.

Long Answer Questions

21. Explain the features of the principles of Management.

Ans: The features of management are as follows:

- a. **Universal Applicability:** Principles of management have universal validity. These are applicable to all types of organizations, business as well as non-business, small as well as large enterprises and at different levels of authority. As these principles are universal, it can be applied in different managerial situations
- b. **General guidelines:** Principles of management provide broad and general guidelines for the organisation to solve the problems arising in the business.
- c. **Formed by practice and experimentation:** Principles are formed after observation, experimentation and practice by different managers over a long period of time. These are

evolved after continuous practicing and personal experiences of the managers in the past in real life situations.

- d. **Flexibility:** Flexibility means that the managers can modify the principles according to their need and use them creatively for solving the business problems.
- e. **Mainly behavioural:** Principles of management explains relationship between human and physical resources but they influence human behaviour the most while achieving organisational goals.
- f. **Cause and Effect relationship:** They establish a relationship between cause and effect so that they can be used in different situations.
- g. **Contingent:** The principles are relative and not absolute. Depending upon the current situation at a certain point of time, the principles are applied.

22. Explain the importance of management principles.

Ans: The following are the importance of principles of management:

- a. **Provides managers with useful insights into reality:** The principles of management are formed after experimentation and practice. So they provide ideas, hints or guidelines to cope up with similar business problems.
- b. **Optimum utilisation of resources and effective administration:** The cause and effect relationship helps managers to foresee the effect of their decisions and actions thus, enables them to use resources most effectively i.e., maximum benefit with minimum cost.
- c. **Scientific decisions:** Principles of management are based on experiments, observations and logic. Hence they provide realistic, timely and objective assessment of the given situation.
- d. **Meeting changing requirements:** The flexible nature of principles of management provides opportunities to managers to modify principles to meet the needs of the dynamic business environment.
- e. **Fulfilling Social Responsibility:** By incorporating values as a part of principles has enabled businesses to fulfil social responsibilities. Providing equal opportunities, following environment-friendly production techniques, producing good quality products are examples of social responsibilities of business.
- f. **Management training, education and research:** The principles of management and the managerial experiences

are used as case studies to train employees or for further modification or development of principles already applied.

23. Explain why is it said that principles of management are 'mainly behavioural' and 'contingent' in nature. Also explain how principles of management 'provides managers with useful insights into reality' and 'helps in thoughtful decision-making'.

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