

**Improvement Test – May 2017-SCHEME OF EVALUATION**

<b>Sub:</b>	Management and Entrepreneurship						<b>Code:</b>	10AL61	
<b>Date:</b>	31/ 05/2017	<b>Duration:</b>	90 mins	<b>Max Marks:</b>	50	<b>Sem:</b>	VI	<b>Branch:</b>	ISE

**Note:** Answer any five questions:

<b>1</b>	<p><b>1 Explain history of management?</b></p> <p><b>Early management approaches ( 5M)</b> <b><u>Psychological development (Before 17<sup>th</sup> century)</u></b></p> <ul style="list-style-type: none"> <li>▶ People having universal belief that managers are born and cannot be made</li> <li>▶ In olden days when there was no experience and knowledge of business, they had to depend upon their in born abilities</li> </ul> <p><b><u>Scientific Management (18<sup>th</sup> – 19<sup>th</sup> century)</u></b> <b><u>F.W.Taylor</u></b></p> <ul style="list-style-type: none"> <li>• The “father” of scientific management</li> <li>• Published <i>Principles of Scientific Management</i> (1911) <ul style="list-style-type: none"> <li>• The theory of scientific management <ul style="list-style-type: none"> <li>• Using scientific methods to define the “one best way” for a job to be done: <ul style="list-style-type: none"> <li>• Putting the right person on the job with the correct tools and equipment.</li> <li>• Having a standardized method of doing the job.</li> <li>• Providing an economic incentive to the worker.</li> </ul> </li> </ul> </li> </ul> </li> </ul> <p>a) <b><u>Work Study –</u></b></p> <ul style="list-style-type: none"> <li>▶ Work study includes time and motion study</li> <li>▶ He observed that workers were not producing their full capacity of work.</li> <li>▶ Start recording the time required for each motion of job with the help of stop watch</li> <li>▶ The time required to complete one job was is standard time.</li> </ul> <p>b) <b><u>Differential Payment –(Payment Plan)</u></b></p> <ul style="list-style-type: none"> <li>▶ Taylor linked the incentives with production</li> <li>▶ Workers get minimum wage if he produces a standard number of pieces, if he produces more he is paid incentives.</li> <li>▶ This would motivate the workers to produce more.</li> </ul> <p>c) <b><u>Reorganization of Supervision –</u></b></p> <ul style="list-style-type: none"> <li>▶ Taylor observed that the workers himself had to plan his work and do the job</li> <li>▶ He advocated that the planning of work and selection of tools are to be done by foreman and the workers has to carry out the work</li> </ul> <p>d) <b><u>Scientific Req and Training –</u></b></p> <ul style="list-style-type: none"> <li>▶ Taylor has suggested the need for scientific training and development of a worker to carry out a specific task.</li> </ul> <p><b>Taylor’s Five Principles of Management</b></p> <ul style="list-style-type: none"> <li>▶ Develop standard methods for performing each job</li> <li>▶ Select workers with appropriate abilities for each job</li> <li>▶ Train workers in standard methods</li> <li>▶ Support workers &amp; eliminate interruptions</li> <li>▶ Provide wage incentives</li> </ul>	<b>10M</b>
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## Administrative Management(1841-1925)

### • Division of Work

- ▶ Work of all kinds must be divided and allotted to various persons
- ▶ Simpler and results in efficiency
- ▶ Helps the individual in acquiring speed, accuracy in his performance
- ▶ Specialization leads to efficiency & economy in spheres of business

### • Authority & Responsibility

- ▶ Authority is given to a person, he should also be made responsible.
- ▶ He should also have concerned authority, if anyone is made responsible.
- ▶ Authority refers to the right of superiors. responsibility means obligation for the performance of the job assigned.
- ▶ Should be a balanced.
- ▶ Authority- Responsibility = Irresponsible Behavior
- ▶ Responsibility- Authority= Ineffective

### • Discipline

- ▶ Sincerity, Obedience, Respect of Authority & Observance of Rules and Regulations of the Enterprise.
- ▶ Subordinate should respect their superiors and obey their order.
- ▶ Smooth running of the enterprise
- ▶ Discipline can be enforced if -
  - Good & fair agreements with superiors
  - Clear & fair agreements with workers

### Unity of Direction (One Boss)

- ▶ One head one plan
- ▶ Related activities should be grouped together
- ▶ Efforts of all the members of the organization should be directed towards common goal
- ▶ Without unity of direction, unity of action cannot be achieved.
- ▶ Unity of command is not possible without unity of direction

### • Remuneration

- ▶ Paid to the workers should be fair of the efforts
- ▶ Determined on the basis of cost of living, work assigned etc,
- ▶ Provision of other benefits such as free education, medical & residential facilities to workers
- ▶ Management creates good relationship and pleasing atmosphere of work.

### • Centralization & De-centralization

- ▶ Centralization-concentration of authority at the top level
- ▶ De-centralization-disposal of decision making authority to all the levels of the organization
- ▶ Increases the role of subordinate is decentralization & Decreases the role of subordinate is centralization

### • Initiative

- ▶ Encouraged to take initiative in the work assigned to them
- ▶ Initiate actions without being asked to do
- ▶ Management should provide opportunity to its employees
- ▶ Suggest improvement in formulation & implementation of place

### • Order

- Concerned with proper & systematic arrangement of things and people.
  - Arrangement of things is called material order
  - Placement of people is called social order.
  - Material order-should be safe, appropriate and specific place for every article
  - Social order-Selection and appointment of most suitable person on the suitable job

### • Scalar Chain

- ▶ The chain of superiors ranging from the ultimate authority to the lowest

- ▶ Every orders, instructions etc. has to pass through Scalar chain.
- ▶ For the sake of convenience & urgency, this path can be cut
- ▶ Temporary arrangement between two different points to facilitate quick & easy communication
- ▶ Modified as per the requirements of situations.

### **Human relations movement**

Taylor and Fayol did not consider or focus on human side

- ▶ Elton Mayo conducted series of experiments regarding human relations
- ▶ Business organization is not only a technical and economical unit where only production & profit are considered but it should have human system.
- ▶ In addition to incentives , it is important to create human relations
- ▶ Workers will expect social respect by his co-workers and supervisors.

### **Modern approaches to management. (5M)**

**Behaviour Approach -** The behavioral approach to management emphasized individual attitudes and behaviors and group processes, and recognized the significance of behavioral process in the workplace.

**Systems Approach-** A system is defined as a set of independent parts together form a whole that performs a defined task.

- ▶ Organization is a system that consists of people, task structure and Technology
- ▶ A system that interacts with out side environment is called as open system
- ▶ A system that works with in close boundary is called as close system

**Quantitative Approach-** It is also known as Management Science Approach

- ▶ This approach is used to find the solution to some complex new problems
- ▶ As a result the quantitative approach called Operation Research(OR) was developed

**Contingency Approach -** The techniques and methods that are highly effective in one particular situation may be failure in similar situation in other area.

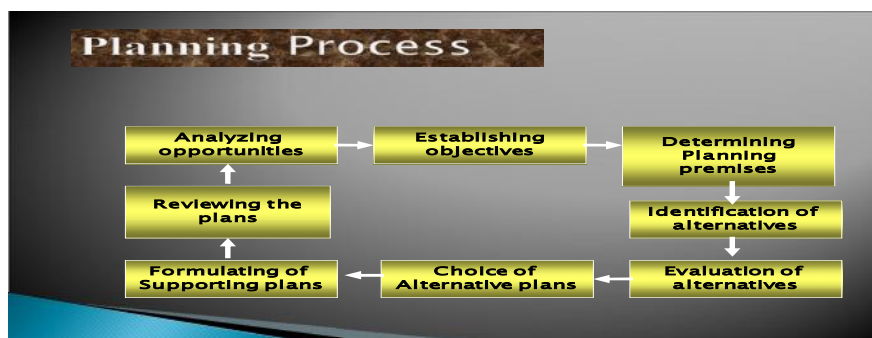
- ▶ This approach suggests that the task of managers is to identify the correct techniques that will suit a particular situation and apply them to solve problem
- ▶ **Systems approach: Provides integrated approach to management problems and the key concepts of systems approach are**

- ▶ 1)a system is a set of independent parts: Which together works as a single unit and performs some function. Similarly an organization can also be considered to be composed of four independent parts namely task, structure, people and technology. Structure subsystem:refers
- ▶ to the formal division of authority and responsibility, communication channels and workflow. People subsystem: refers to the employees with their motives, attitudes and values and the informal organization.

- ▶ Technology subsystem: refers to the tools and equipment as well as techniques which are used by the organization to perform the task.
- ▶ 2) concept of considering the system as a whole: Means that no part of the system can be analyzed and understood apart from the whole system and conversely, the whole system cannot be accurately perceived without understanding all its parts.
- ▶ Each part bears a relation of interdependence to every other part which rather than dealing separately with the various parts of the organization as a whole. The above concept facilitates more effective diagnosis of complex situations and increases the likelihood of appropriate managerial functions
- ▶ 3)a system can be either open or closed: Open system is one which interacts with its environment and closed system is one which is independent of the environment.

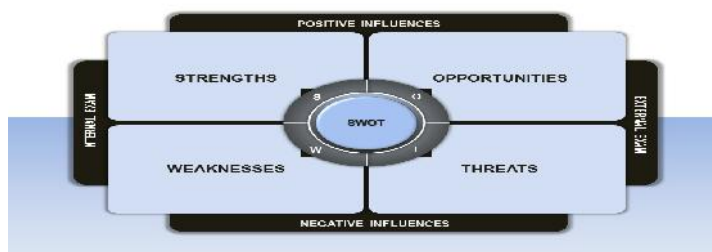
2 Explain the planning process?

10M



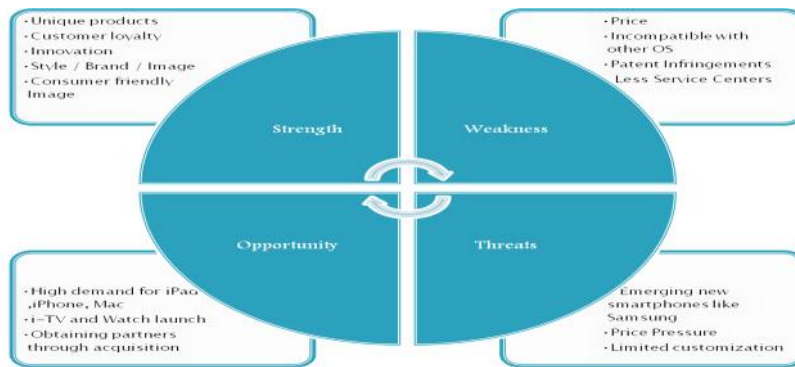
1. Analyzing opportunities

- Not a step of Planning, It is pre-step of planning.
- Essential to make a successful plan.
- SWOT analysis



- Strengths - the positive internal attributes of the organisation
- Weaknesses - the negative internal attributes of the organisation
- Opportunities - external factors which could improve the organisation's prospects

- Threats - external factors which could undermine the organisation's prospects



## 2. Establishing objectives

- First and real starting point of planning.
- Management has to define objectives in clear manner by considering organizational resources and opportunities because a minor mistake in setting objectives might affect in implementation of plan.
- Objectives must be specific, clear and practical.
- Objectives should be time bound

## 3. Determining Planning premises

- ▶ Premises are the assumptions about the future in which the planning is implemented.
- ▶ They provide environment and boundaries for the implementation of plan in practical operation.

### There are 3 types of planning premises

- ▶ Internal and external premises
- ▶ Tangible and intangible
- ▶ Controllable and uncontrollable
- ▶ **Internal premises** with in the organization ( Policies, investment, availability of equipments, funds etc)
- ▶ **External premises** means out side the organization (Govt policies, Economic conditions, population , demand)
- ▶ **Tangible premises** are the measurable premises like population, investment, demand etc.
- ▶ **Intangible premises** are those which cannot be measured like business environment, economic conditions etc
- ▶ **Controllable premises** like technical man power , input technology, financial investment etc
- ▶ **Uncontrollable premises** like strikes, change of govt policies, wars etc.

	<p><b>4. <u>Identification of alternatives</u></b></p> <ul style="list-style-type: none"> <li>▶ It is essential to identify all the possible hidden alternatives.</li> <li>▶ There must be search for the best alternative. The management must develop alternatives through the support of experienced and intellectual experts in management sectors.</li> </ul> <p><b>5. <u>Evaluate the alternatives</u></b></p> <ul style="list-style-type: none"> <li>▶ Evaluate the alternatives from their expected cost and benefits. This is the logical step to evaluate each alternative from its plus and minus points.</li> <li>▶ Each alternative is studied and evaluated in terms of some common factors such as risk, responsibility, planning premises, resources, technology etc.</li> </ul> <p><b>6. <u>Formulating of Supporting plans</u></b></p> <ul style="list-style-type: none"> <li>▶ It is essential to formulate action of supportive plan for each step of work and to all departments of the organization.</li> <li>▶ These action plans involve formulation of policies, rules, schedule and budget to complete defined objectives. Thus, formulation of supportive plans is an essential step in planning process.</li> <li>▶ It is difficult to implement main plan without formulation of derivative plan.</li> </ul> <p><b>7. <u>Implementation of Plan</u></b></p> <ul style="list-style-type: none"> <li>▶ Without this step, other this procedure of plan will remain as paper work.</li> <li>▶ This step brings all the procedure of plan into action.</li> <li>▶ For implementation plan, management has to take some steps such as to communicate with subordinates who initiate to plan into action; provide necessary instruction and guidance; make arrangement of all resources like materials, machines, money, equipments etc; make timely supervision and control over subordinates.</li> </ul>	
3	<p><b>a) What is motivation? Explain “Maslow’s need Hierarchy Theory? (7M)</b></p> <p>Motivation means a process of stimulating people to action to accomplished desired objectives</p> <p>Characteristics</p> <ul style="list-style-type: none"> <li>▶ Helps in satisfying needs of the Employees</li> <li>▶ Change the negative attitude to Positive attitude</li> <li>▶ Helps in introducing changes</li> <li>▶ Improves level of efficiency of employees</li> <li>▶ Creating friendly and supportive relationship</li> </ul>	10M

Abraham Maslow is well renowned for proposing the Hierarchy of Needs Theory in 1943. Maslow was of the view that needs have priority, i.e., needs are satisfied in an order. As soon as the lower level needs are satisfied. Those on the next higher level emerge. Thus, he considered an individual's motivation behavior as a predetermined order of needs.



**b) Compare autocratic, Democratic and free-rein leadership styles. (3M)**

- ▶ **Autocratic** - A leadership style where the leader makes all decisions independently or without consulting with others

Advantages: good in certain circumstances, such as urgent tasks or military actions

Disadvantages: poor decisions, poor level of employee motivation

- ▶ **Democratic** - A leadership style where a leader encourages employee participation in decision-making

Type of consultative

Advantages: better decisions, employee motivation

Disadvantages: delayed decision, long consultation

- **Free Rein**

A leadership style where employees are encouraged to make their own decisions.

Advantages: more freedom for employees

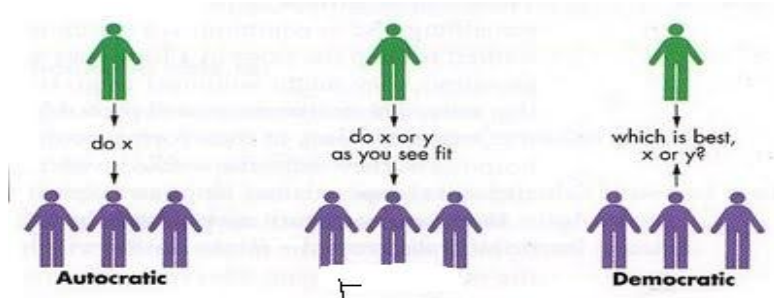
Disadvantages: few guidelines, little incentive, poor motivation, maybe a mess

Autocratic leadership—boss makes decisions on their own without consulting employees

Democratic leadership—involves subordinates in making decisions

Free-reign leadership—leader believes in minimal supervision, leaving most

### decisions to subordinates



#### 4 a) Explain steps involved in the selection procedure? (8M)

10M

##### Selection –

Selection is the process of picking individuals who have relevant qualifications to fill jobs in an organization.

Selection is much more than just choosing the best candidate. It is an attempt to strike a happy balance between what the applicant can and wants to do and what the organization requires.



#### b) Why planning is important? (2M)

Planning is the process of analyzing the situation, determining the objectives that will be influence in the future and deciding in advance, the actions that will be taken to achieve. Planning is deciding in advance what to do, how to do it, when to do it and who to do it.

It involves anticipating the future and consciously choosing the future course of action.

##### Importance

- ▶ Focuses attention on objectives and result
- ▶ Reduces uncertainty and risk
- ▶ Provides sense of direction
- ▶ Encourages innovation and creativity
- ▶ Guides decision-making



	<ul style="list-style-type: none"> <li>▶ Provide efficiency in operation</li> <li>▶ Provide economy in operation</li> <li>▶ Effective Control</li> <li>▶ Bridge between present and future</li> </ul>	
5	<p><b>a) List and explain the characteristics of successful entrepreneur? (6M)</b>  <b><u>Successful entrepreneur</u></b></p> <p>Mark Elliot Zuckerberg (born May 14, 1984)</p> <ul style="list-style-type: none"> <li>• Chetna Sinha founded chairperson, Mann Deshi Mahila Sahkari Bank, a <u>micro finance bank</u> which lends to women in rural areas.</li> <li>• Verghese kurien of Amul, Kiran Majumdar Shaw founded Biocon, which is now a leading Biotech firm in India</li> </ul> <p><b><u>Characteristics of Entrepreneur</u></b></p> <ol style="list-style-type: none"> <li>1. Action oriented , highly motivated and ready to take risk at all levels to achieve the objective</li> <li>2. Should have commitment</li> <li>3. Creativeness and result oriented, hard working</li> <li>4. Accepts responsibilities with enthusiasm</li> <li>5. Self confident, dedicated and self disciplined</li> <li>6. Intelligent , imaginative and self directed</li> </ol> <p><b>b)List and explain supporting agencies of government for SSI? (4 M)</b></p> <p><b>All India institutions</b></p> <p><i>National small industries corporation(NSIC - 1995)</i></p> <ul style="list-style-type: none"> <li>- View to promoting the growth of SSI in the country</li> </ul> <p><i>Khadi village industries commission(KVIC-1957)</i></p> <ul style="list-style-type: none"> <li>- KVIC is supposed to do planning ,promotion, organization and implementation of the programs for the development of khadi and other village industries in rural areas</li> </ul> <p><b>Training Institutes –</b></p> <ul style="list-style-type: none"> <li>- <i>National institute of small industry extension training(NISIET)</i>, Hyderabad undertakes operations like training ,consultancy, research.</li> <li>- <i>National institute for entrepreneurship and small business development(NIESBUD)</i>, New Delhi conducts national and international level training programs in different fields.</li> </ul> <p><i>Indian Institute of Entrepreneurship(IIE)</i>, Guwahati was established to act as a channel for entrepreneurship development with its focus on the SSI</p> <p>State level institutions –</p> <p><b>State small industrial development corporations(SSIDC)</b></p> <p><b>State directorate of industries(SDI's)</b></p> <p><b>District industries centers(DIC's)</b></p> <p><b>3. Fund based institutions –</b></p> <ul style="list-style-type: none"> <li>Small industries development bank of India(SIDBI– 1990) as a finance bank, it has 5 regional offices and 33 branch offices.</li> </ul> <p><i>Commercial Banks –</i> Credit requirement of SSI is of 2 types long term loans and working capital.</p>	10M

	<p><i>State finance corporation (SFC's)</i> – first SFC was setup in Punjab in 1953, today there are 18 SFC's in country</p> <p><b>Khadi &amp; Village Industries Commission (KVIC) :</b></p> <p>This is a Statutory Body created by an act of the Parliament in 1956. It is concerned with Planning, Promotion, Organization, &amp; Implementation of the Programme for the Development of Khadi &amp; other Village Industries in the Rural Areas in Coordination with other agencies engaged in Rural Development whenever necessary. The Various Functions are :</p> <ul style="list-style-type: none"> <li>Build up a Reserve of Raw Materials &amp; implements for supply to rural industries.</li> <li>Create common service facilities for converting Raw Materials into Semi Finished goods to be used as inputs by the Rural Industries.</li> <li>To market the Products of KVIC.</li> <li>To Organize Training of Artisans engaged in Rural Industries &amp; to encourage Co-operative efforts amongst them.</li> <li>To Provide Financial Assistance to Institutions or Persons engaged in the Development &amp; Operation of Khadi &amp; Village Industries.</li> <li>To Provide necessary Technical Information &amp; Guidance thro supply of Designs &amp; Prototypes etc. to Khadi &amp; Village Industries.</li> </ul> <p><b>National Productivity Council (NPC) :</b></p> <p>This is an <i>Autonomous Institution</i> functioning under the Overall Supervision of the Ministry of Industry, Govt of India. Its Head Office is at New Delhi. It has got Regional Directorates at almost all the State Capitals. Its Primary Objective is to Act as a <i>Catalyst</i> in enhancing the Productivity of all the Sectors of the Economy , including Industry &amp; Agriculture.</p> <p>The Main Activities of NPC is to provide Consultancy &amp; Training in Various areas related to Industrial Engineering , Plant Engineering, Energy Management, Human Resources Development, Informal Sector etc. about 200 Professionals specialized in various fields work under NPC.</p> <p>In order to provide expertise of NPC to Small Scale &amp; Informal Sector. SIDBI has entered into a tie up with NPC. The Collaboration aims at promoting the concept of productivity in Small Industry Clusters &amp; improving the Technology Level of Small Enterprises.</p>	
6	<p><b>a) Explain contents of project report? (7M)</b></p> <p>Contents of report:</p> <ul style="list-style-type: none"> <li>• General information</li> <li>• Promoter</li> <li>• Location</li> <li>• Land &amp; building</li> <li>• Plant &amp; machinery</li> <li>• Capital requirement &amp; cost</li> </ul> <p>Operational requirement &amp; cost</p> <p>Man power Products Market Economic analysis Working capital Requirement of funds</p> <p><b>b) Write a note on SIDBI? (3M)</b></p> <p>With a view to ensuring larger flow of financial and non-financial assistance to the small-scale</p>	10M

sector, the Government of India set up the Small Industries Development Bank of India (SIDBI) under a special Act of the Parliament in October 1989 as wholly-owned subsidiary of the IDBI. The bank commenced its operations from April 2, 1990 with its head office in Lucknow. The SIDBI has taken over the outstanding portfolio of the IDBI relating to the small-scale sector.

**The important functions performed by of SIDBI include:**

1. To initiate steps for technological up-gradation and modernisation of existing units.
2. To expand the channels for marketing the products of SSI sector in domestic and international markets.
3. To promote employment oriented industries especially in semi-urban areas to create more employment opportunities and thereby checking migration of people to urban areas.

The SIDBI's financial assistance to small-scale industries is channelised through the existing credit delivery system comprising State Financial Corporation, State Industrial Development Corporations, Commercial Banks, and Regional Rural Banks.

The SIDBI introduced two new schemes during 1992-93; equipment finance scheme for providing direct finance to existing well-run small-scale units taking up technology up-gradation, modernisation, and refinance for resettlement of voluntarily retired workers of the National Textile Corporation (NTC).

The other new scheme launched was venture capital fund exclusively for small -scale units, with an initial corpus of Rs. 10 crore. It enrolled itself as an institutional member of the OTC Exchange of India (OTCEI). SIDBI also provides financial support to National Small Industrial Corporation (NSIC) for providing leasing, hire-purchase, and marketing support to the industrial units in the small-sector.

Over the years assistance sanctioned to backward areas amounts to Rs. 657 crore accounting for

18% of the total sanctions. Disbursements to backward areas, amounts to Rs. 486 crore accounting for 17.8% of the total assistance disbursed.

The share of the SSIs in refinance is 82.3%, distantly followed by small road transport operators (SRTOs). New projects account for 67.9% of the total assistance sanctioned, distantly followed by expansion /diversification (11.6%), modernisation (6.2%), and the rest goes to supplementary services for various purposes.