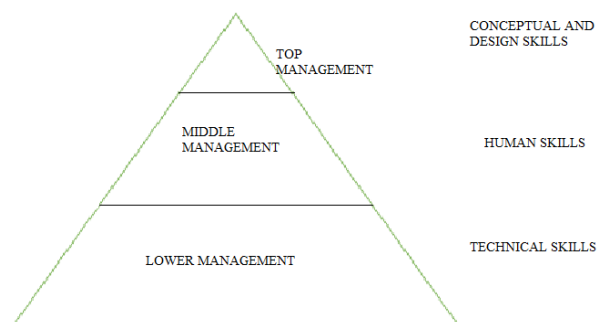


1. a

- **Henri Fayol:** “Management is the conduct of affairs of business, moving towards its objective through a continuous process of improvement and optimization of resources.”
- **Koontz:** “Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.”
- **Mary Parker Follett:** “Management is the art of getting things done through people.”
- **George R Terry:** “Management is a process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objectives by use of people and resources.”
- **ILO:** “Management is the complex of continuously coordinated activity by means of which any undertaking administration-public or private service conducts its business.”
- **Lawrence A Appley:** “Management is guiding human and physical resources into a dynamic, hard hitting organization until that attains its objectives to the satisfaction of those served and with a high degree of morale and sense of attainment on the part of those rendering the service”. [Any 1 of the 6 definitions] [01M]

**Levels of Management**



[01M]

**Top level management-** Consists of directors, CEO, Chairman, Presidents and Vice-Presidents, etc. The personnel at this level are responsible for designing the organizational policies, setting long term goals and objectives, etc. The personnel at this level are expected to have **good conceptual & design skills** which helps determine the organizational policies

**Middle level management-** The middle management is a vast and diverse group that includes the finance managers, marketing managers, production managers, etc. At this level, it is essential for the personnel to be **skilled in the human relations**. The personnel at the middle management level are responsible for the implementation of policies set, achieving the goals, and getting the work done.

**Lower level management-** The lower level management consists of the supervisory personnel. The personnel at this level are concerned with the technical requirements of the job. The most critical factor in the activities of such individuals are the **technical skills** of such personnel. [04M]

**b.**

Management like any other knowledge is an art; it is a know-how. A discipline can be called scientific if it has a systematic approach its methods of enquiry are systematic and empirical; information is accumulated and analyzed with the help of scientific tools, and the results are both communicable and commutative. Science is also cumulative, in that, what is discovered is added to what is already known. A profession is characterized by formalized training methods for its members, an ethical code to regulate the behavior of its members, charging of fees based on service, etc. Based on these factors, it is seen that management is not a profession; however, the present trend is towards the professionalization of management. [02M]

**Individual justification whether the students consider management to be an art, a science or a profession** [02M]

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2. F W Taylor is considered as the father of scientific management. Some of the contributions of Taylor towards the development of scientific management are:
- a. **Work study/Time and motion study:** Taylor observed that the workers were spending more time than what is required for each aspect of their job. He identified such activities which were not essential for the job, and eliminated them, and estimated the time required to carry out each activity with the help of a stop watch. He called this time required as the **standard time**
  - b. **Differential Payment Plan:** Taylor also introduced the concept of differential payment scheme. According to this scheme, each worker would be paid a certain minimum wage for each day's work. He would also be paid some incentive if he completed more than his scheduled work for the day. Taylor felt that this would motivate the worker to produce more.
  - c. **Reorganization of supervision:** Taylor observed that each worker planned his job and selected the tools required for each job; the supervisor's work was merely to allocate the work to each worker. Taylor advocated that the planning of work and selection of tools were to be done by the supervisor, whereas the worker had to focus on simply doing the job.
  - d. **Scientific requirement and training:** Taylor suggested scientific training to the workers to carry out specific tasks in a more productive way.
  - e. **Intimate and Friendly Cooperation between management and workers:** Taylor felt that improved relations between the management and workers would help in greater workplace productivity, leading to greater profits. With an increase in the profit, the management and workers could collectively share the profits. [09M]

Some of the **drawbacks** of Taylor's approach are:

- Taylor's scientific management emphasizes only physical tasks; it ignores problem solving and decision making.

- Taylor's belief that economic motivation is alone enough to motivate the workers to produce more is wrong.
  - Taylor's time and motion study is not entirely scientific
  - Separation of planning and doing led to a greater monotony of work. [01M]
- 

3. a

Some of the principles of administrative management proposed by Fayol are:

- i. Authority and Responsibility
- ii. Centralization
- iii. Discipline
- iv. Division of work
- v. Equity
- vi. Initiative
- vii. Order
- viii. Remuneration
- ix. Scalar chain
- x. Stability of tenure of personnel
- xi. Subordination of individual interest to general interest
- xii. Unity of command
- xiii. Unity of direction
- xiv. Union is strength.

**EXPLANATION OF ANY FIVE OF THE ABOVE POINTS [05M]**

b. One group of management writers, such as Sheldon, Milward and Spreigal feel administration involves thinking, whereas management is more concerned with the implementation of plans and policies designed by the administration.

Another group of management writers, such as Peter Drucker feel that management is a more generic term, whereas administration is concerned with two primary functions, namely planning and controlling. [1/2 M]

The differences between administration and management are:

CHARACTERISTIC	ADMINISTRATION	MANAGEMENT
Main Function	Planning, Organizing and Staffing	Motivating, Controlling and Leading
Status	Acts as owner	Acts as an agency
Skill	Requires good administrative skill	Requires more technical skill
Level in the organization	Top Level	Middle and Lower levels
Position	Managing Director, Owner, CEO, etc.	Manager, Foremen, Supervisor, etc.
Objectives	Makes the policies, objectives and goals to be achieved	Implements the plans and policies.
Involvement	No direct involvement in production or services	Directly involved in production/services.

[4½ M]

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4. The scientific management and administrative management principles proposed by Taylor and Fayol respectively considered only the physical aspects of the job, and ignored the human aspects. Elton Mayo conducted a series of experiments at the Western electric company, which are known as the Hawthorne experiments [01M]

These experiments are broadly classified as:

- i. **Illumination experiments:** In this experiment, workers were classified into two groups and one group was made to work under varying levels of illumination whereas another group was made to work under constant illumination levels. The productivity of each of these groups was measured at the end of this experiment. It was observed that the illumination levels had a negligible effect on the productivity of the workers. [02M]
- ii. **Relay assembly test room:** The object of the study was broadened. Other factors such as length of working day, rest pauses and their frequency, duration and other physical conditions were studied. It was found that the production not only increased but also remained constant even when the pre-test conditions were introduced. [02M]
- iii. **Interviewing program:** The study revealed that worker's social relation inside the organization had a significant influence on the attitude and behavior of workers. The study brought too fore the all-pervasive nature of informal groups and production norms which their members are expected to conform to. [02M]
- iv. **Bank wiring observation room:** It was found that the informal groups in an organization tend to determine their own production norms, which are much lower than the management standards. Workers tend to produce that much only, thereby defeating the whole purpose of having incentives. [02M]

#### LIMITATIONS:

Some of the limitations of this approach are:

- a) This approach provides an unrealistic picture of the significance of informal groups.
- b) This approach is in fact production oriented, and not employee oriented.
- c) The leisurely process of decision making cannot work during an emergency. [01M]

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5. The steps involved in decision making are as follows:

#### **FLOWCHART FOR DECISION MAKING** [01M]

- i. **RECOGNITION OF PROBLEM:** This is the first step towards effective decision making. It is important not only for managers, but for employees at any level of the organization to recognize and acknowledge the existence of problems. Doing this is critical since this is the basis of the decision making process in any organization/situation.
- ii. **DECIDING PRIORITIES AMONG PROBLEMS:** After recognizing the existence of a problem, it is essential that the manager recognizes which part of the problem must be referred to his superiors, which problem can be delegated to his subordinates, and which problems must he solve. This should be done to ensure that the managers time is effectively used.

- iii. **PROBLEM DIAGNOSIS:** The third step towards effective decision making is proper problem diagnosis. Before thinking of any possible solution, it is essential that the problem is studied thoroughly and assessed from all possible sides to try and arrive at the best possible solution.
- iv. **DEVELOPMENT OF ALTERNATIVE SOLUTIONS:** Once the problem has been thoroughly understood, multiple solutions for the problem must be developed. It is very rare that any problem would have a unique solution; multiple solutions exist for every problem.
- v. **STUDYING AND COMPARING THE EFFECT OF ALTERNATIVES:** The alternatives developed must be thoroughly studied and their effectiveness must be analyzed before implementing such alternatives as the solution.
- vi. **IMPLEMENTATION OF DECISION INTO ACTION:** The alternative chosen as the most feasible option must be implemented and decision needs to be converted into action. To convert decision into action, communication is the most critical aspect. The manager must communicate the decision to the concerned employees; if there is any opposition, steps must be taken to convince the concerned personnel of the same.
- vii. **STUDY OF RESULT:** Decision making is not a one-time process. The decision taken must be continuously monitored and evaluated. If necessary, corrective action must be initiated at any stage of the process to ensure that the plan is as per schedule. [07M]

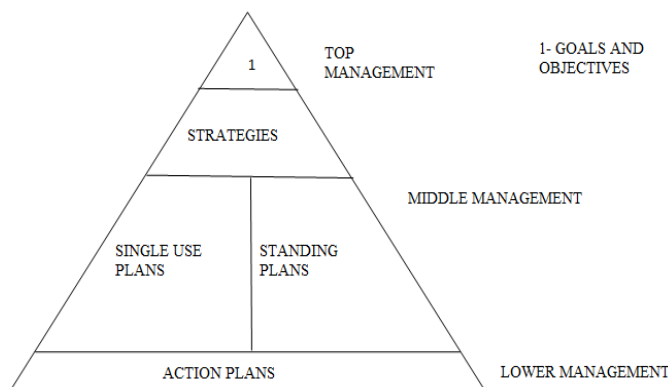
**DIFFICULTIES FACED DURING DECISION MAKING PROCESS:**

Some of the difficulties faced by managers during the decision making process are:

- i. External influence
- ii. Government policies
- iii. Improper communication
- iv. Incomplete information
- v. Lack of support
- vi. Non-conducive environment
- vii. Opposition by subordinates
- viii. Statutory regulations
- ix. Wrong timing

[02M]

6. a



[01M]

The **top management** of any organization are concerned with strategic planning. Strategic planning involves taking stock of the current status of the organization and developing plans and guidelines to direct the progress of the organization in the long term. Goal setting, developing policies, and providing the general direction which the organization must take in order to ensure survival and consistent progress are some of the responsibilities of the top management in terms of strategic planning.

**Middle level management** of organizations is concerned with implementation of the strategies developed by the top management. This is achieved by the use of two kinds of plans:

- i. **Single use Plans:** Single use plans are plans developed to achieve a specific goal. These plans are developed for onetime use, and once the goal is attained, such plans are discarded. Single use plans are applicable for goals that need to be attained within a specified time period, and keeping in mind budgetary limitations. Examples of single use plans include designing an advertising campaign for a new product or integrating a newly acquired unit into the organization.
- ii. **Standing Plans:** Standing plans are those type of plans, which are used repetitively, since they focus on organizational processes that occur repeatedly. **Examples of standing plans include policies, procedures and rules of the organization.** [

**Action plans** are those plans that are executed at the lower level of management. These plans are routine plans which are executed routinely at the shop floor level.

b. The differences between strategic and tactical planning are as follows:

SI No.	STRATEGIC PLANNING	TACTICAL PLANNING
1	It is long term	It is short term
2	Done at the top management	Done at the lower levels of management
3	Consists of major goals, policies of an organization, resources and facilities to accomplish these goals	Consists of the use of facilities and resources.
4	Less detailed, focuses only on long term goals of the organization	More detailed since it caters to the day to day operations and activities of the organization
5	Based on the long term goals and is more uncertain.	Based on performance and is less uncertain.

7. The steps involved in planning are as follows:

1. **BEING AWARE OF OPPORTUNITIES:** The first step, and the most critical in terms of planning, is being aware of the opportunities available. Mistakes in identifying opportunities, or not being aware of the opportunities could sometimes have severe consequences for the organization. For instance, consider the mobile phone industry.

Nokia's inability to focus on the shift to touch screen technology was a critical factor which led to the steep decline in their market share.

2. **DEVELOPMENT OF OBJECTIVES:** Once the right opportunity is identified, it is important to set the appropriate objectives that help in converting the available opportunity into a commercial venture. The objectives set must be in line with the organizational objectives, as well as must be compatible with the subordinate work units. The major objectives must be broken down into departmental and individual objectives.
3. **DEVELOPING PLANNING PREMISES:** This step deals with the identification of limitations which govern the planning process. Developing the planning premises involves considering the information such as economic factors, production costs, actual and potential competitors, etc. Three types of planning premises are:
  - i. **Internal and external premises:** **Internal premises** includes those factors **which are within the organization**. Examples of such factors include policies, forecasts, availability of equipment/raw materials etc. **External premises** are those which are **outside the organization**. Examples include government policies, technological changes, economic environment, etc. [01M]
  - ii. **Tangible and Intangible premises:** **Tangible premises** include those premises which **can be quantitatively measured**. Examples of such factors include estimated demand, possible and current market share, etc. **Intangible premises** include those factors which **cannot be quantitatively measured**. Examples of such factors include customer satisfaction, perception regarding the organization/product, etc. [01M]
  - iii. **Controllable and Uncontrollable premises:** **Controllable premises** are those factors on which the **organization has control**. Some of these factors include labor, material flow **within the organization**, input technology, availability of equipment, etc. **Uncontrollable premises** are those factors on which the **organization has no control**. These include availability of raw materials, economic and socio-political changes, etc. [01M]
4. **DEVELOPMENT OF ALTERNATIVES:** After deciding the planning premises, alternative solutions need to be developed. The search for alternatives is a crucial part of the planning process. It is essential to have alternative solutions in place to any problem.
5. **EVALUATION OF ALTERNATIVES AND SELECT THE BEST COURSE OF ACTION:** After deciding the alternatives, the next step is to check the effectiveness of each alternative developed. This involves a careful study and assessment of all the available alternatives. After a rigorous study of all the alternative solutions, the most effective solution is considered as the final one.
6. **FORMULATING DERIVATIVE PLAN:** The alternative selected must be translated from vision into action. This is done by developing the alternatives into programs, working plans & financial requirements. These sub-derived plans are known as derivative plans.

**7. MONITORING AND CONTROLLING THE PLAN:** This is the last step in the planning process. The manager has to continuously monitor the plan, and ensure that the tasks are progressing as per schedule. Any deviations or shortcomings must be rectified at the earliest. [07M]

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8. a. Frank and Lillian Gilberth conducted a series of experiments known as the “**Time and Motion Study**” experiments. This was an improvement introduced in Taylor’s scientific management approach. [01M]

Gilberth conducted motion study by dividing the basic movements of the workers into 18 basic types of movements, known as Therbligs. These Therbligs were symbolic representations of the various movements [01M]

Some of the contributions of Gilberth towards the development of scientific management are:

- i. He developed motion studies with SIMO charts with a main idea to minimize waste movements
- ii. He evolved the principles of modern economy.
- iii. He established Therbligs which record the fundamental motions involved in doing any activity
- iv. He carried out study on fatigue caused due to repetitive work. [02M]

The biggest disadvantage of the time and motion study proposed by Gilberth is that he focused on finding the “**one best way**” to do a job. Gilberth proposed that any process can be improved by finding the best way to do a job, and focused on finding such a process for each task. [01M]

b. The functional areas of management are:

- **Planning:** Planning is an executive function that is referred to as decision making. This requires decision making, i.e. choosing a viable alternative from a given set. This involves the following:
  - i. Setting short and long term goals for the organization.
  - ii. Selecting objectives, strategies and policies for accomplishing the planned goals.
  - iii. Planning bridges the gap from where we are, to where we want to be in the future.
  - iv. Deciding in advance what to do, when to do, how to do, where to do, and who has to do.
- **Organizing:** Organizing is the part of management that is responsible for establishing an intentional structure of roles for people to fill in an organization. The purpose of creating an organizational structure is to help in developing and maintaining an environment conducive to human performance. This involves:
  - i. Determination of activities required to achieve goals.
  - ii. Grouping these activities into departments.
  - iii. Assigning such groups to activities to managers.
  - iv. Forming delegation of authority.



- v. Making provisions for coordination of activities.
- **Staffing:** It is an essential function that deals with recruiting, and keeping filled the vacancies in an organization. This is done by identifying the work force requirements, taking inventory of people available, recruiting new staff, promoting, apprising, and planning employees career, etc. This involves:
  - i. Selecting the right person for the right job.
  - ii. Selecting the personnel.
  - iii. Placement, training, and developing new skills required for present and future jobs.
  - iv. Creating new positions.
  - v. Apprising the staff, and planning their growth and promotions.
- **Directing:** Directing involves three main functions, namely, communication, leadership and motivation.
  - i. **Communication:** Process of passing information and understanding from one person to another.
  - ii. **Leadership:** The process by which a manager guides and influences the work of his subordinates.
  - iii. **Motivation:** The process by which a manager arouses the desire in the minds of employees to perform their best.
- **Controlling:** Controlling involves measurement and correction of activities of subordinates to ensure that work is going on as per plans. Controlling, in general, refers to the measurement of achievement. This involves three elements:
  - i. Establishing standards of performance.
  - ii. Measuring performance, and comparing against established standards.
  - iii. Taking corrective actions wherever necessary. [04M]

In addition to the above functions, Ernest Dale has suggested two additional functions, namely innovating and representing

In the innovating function, the manager is responsible for developing new ideas, which can help improve the product position in the marketplace. It is not only important for the organization to grow bigger, but also important for the organization to become better. Innovating, in this case, means developing new ideas which may improve a product, process or practice.

In the representing function, the manager is responsible for being the face of the organization, in front of various stakeholders. These stakeholders can be government officials, suppliers, labor unions, customers, etc. The manager must be able to win the support of these groups by effectively managing the social impact of the organization. [01M]