UNIT I

Introduction

1. What is Management? Explain its features.

Ans. The word management can be scanned as 'manage-men-t' (i.e. manage men tactfully). Therefore, management means managing men tactfully to get things done. (Traditional Approach). The term management may be defined as creating the internal environment of an enterprise where individuals working together in groups towards the attainment of group goals. It is a distinct process consisting of planning, organising, directing, controlling, etc., performed to accomplish the objectives of the organisation by the use of human and non-human resources. (Modern Approach).

According to Harold koontz, Management is the art of getting things done through, and with other people in formally organized grouped.

Management is defined differently by various authors. An analysis of various definitions reveals the following features of Management:-
(i)Management is group activity: - Management always refers to a group of people involved in managerial activities. The management functions cannot be performed in isolation.

(ii)Management is goal oriented: Management always aims at achieving the organizational objectives. The functions and activities of manager lead to the achievement of organizational objectives.

(iii)Management is universal in character: Management is applied in all types of organizations, whenever there is human activity, these is management. The basic principles of management are of universal application and can be applied in all organizations whether they are business social, religious, cultural, sports, educational, politics or military.

(iv)Management is a continuous process: - Management is a continuous or never ending function. All the functions of management are performed continuously, for example planning, organizing, stuffing, directing and controlling are performed by all the managers all the time.

(v)Management is intangible: - Management is intangible i.e., it can be felt in the form of results and not seen. For example, when we are not able to produce the desired quantity, we say it is the result of poor management.

(vi) Integrating activity: Management integrates human efforts with non-human resources (like materials, machines, technology, financial resources etc.). It seeks to harmonise human and non-human resources to achieve predetermined objectives.

(vii) Pervasive: Management is pervasive in the sense that it is relevant for all organisations, irrespective of the size (small or large) nature (economic, social or political) and location (in rural or urban areas). Moreover, management is applicable at all levels of the organisation.

(viii) Dynamic function: Management is a dynamic function, which is to be performed continuously. Policies and procedures of management are quickly changed to cope with the changing business environment.

2. Explain the functions of management.

Ans. : Regardless of size , nature and type of organization , all the managers have to perform some basic functions which are :-
(i)Planning: - Planning is a basic managerial function. It is a decision in advance, what to do, when to do, how to do and who will do a particular task. Planning is a process which involves thinking before doing. Planning involves selection of organizational objectives and developing policies, Procedures, programmes, budgets and strategies.

(ii)Organising: Organising is an important management function by which manager brings together the manpower and material resources for the achievement of certain objectives. Organising as a function of management involves identification and grouping the activities to be performed and dividing them among the individual and creating authority and responsibility relationship among them.

(iii)Staffing : It refers to recruiting, selecting, appointing the employees, assigning them duties, maintaining cordial relations and taking care of grievances of employees. It also includes and taking care of grievances of employees. It also includes training and developing the employees, deciding their remuneration, promotion, increments etc. evaluating the performance, maintaining personal records of employees.

(iv)Directing: Once the employees are appointed there is need to instruct them and get the work done. Directing refers to giving directions or instructions to employees by motivating them, supervising the activities of employees, communicating with them. Directing function includes, supervising, motivating communicating and leadership.

(v)Controlling: Controlling is the process of measuring and comparing results with the plans and standards and norms and taking corrective as well as preventive action when result deviate from plans.

3. What are the levels of management? Explain their functions.

Ans.: An organization may have various levels of management .On the basis of authority and responsibility we can identify three levels of management.
(a)Top-level management: - Top level management consists of Chairman, Board of Directors, Managing Directors, General Manager, and Chief Executive which establishes policies, plans and objectives.
The main functions of top level management are:
(i) Determining the objectives of the enterprise.
(ii) Framing of plans and polices.
(iii) Assembling all the resources such as men, money, materials, and machines.

(iv) Controlling the performance of employees.
(v) Organising activities to be performed by persons working at middle level.

(b)Middle level management: This level of management consists of departmental heads such as Purchase Department Head, Sales Department Head, Production Manager, Marketing Manager, Finance Manager, Divisional & Sectional Officer etc. people of this group responsible for executing the plans and policies made by top level.
The main functions of middle level management are:
(i) Interpretation of policies framed by top management to lower level.
(ii) Preparing the organizational set up in their respective departments.
(iii) Selecting the right man for the right job for their departments.
(iv) Collecting information and reports on the performance of various departments to the top management.

(c) Lower Level/ Supervisory Level / Operational level: This level consists of supervisors, superintendent, foreman sub department executive, clerk etc. Managers of this group actually carry on the work or perform the activities according to the plans of top and middle level management.
Following are the important functions performed by lower level / supervisory level:
(i) To plan day to day work within the goals prescribe by the higher management.
(ii) To issue orders and instructions for executing the work.
(iii) To arrange materials and equipment for the work force.
(iv) To supervise and control the work of workers and maintain personal contract with them.

4. "Coordination is the essence of management". Do you agree? Explain how coordination is needed in the performance of various managerial functions.

Ans. Ans.: Co-ordination is considered as the essence of management because of following reasons:-
(A)Co-ordination is needed to perform all the functions of management:-
(i) In planning Co-ordination is required between main plans and sub-plans.
(ii) In organizing Co-ordination is required between authority, responsibility and accountability at different levels.
(iii) In staffing co-ordination is required between nature of jobs and qualification of employees, between efficiency and compensation etc.
(iv) In directing, Co-ordination is required between superior and subordinates, between order, instructions, guidelines etc.
(v) In controlling co-ordination is required between standards and actual performance.
(B)Co-ordination is required at all levels:
(i) At top level coordination is required to integrate all the activities of organization for achieving overall goals of the firm.
(ii) At Middle level Co-ordination is required to balance the activities of different departments.
(iii) At lower level, co-ordination is required to integrate the activities of workers.
(C) Co-ordination is most important function of an organization:
Any company which fails to co-ordinate its activities cannot survive and run successful for a long period of time.
After analyzing the above features we can say that co-ordination is not a simple function of management but it is the essence of management.

5. What do you mean by classical school of management theory?
Ans. Early management theorists are popularly known as classical school of management thought. This approach grew out largely from the managerial experiences of successful managers. This approach considers management as a distinct discipline, which is based on certain principles developed through scientific methods.
The classical theory developed in three streams, namely
(i) Scientific Management – F.W Taylor.
(ii) Administrative Management – Henry Fayol.
(iii) Bureaucratic Management – Max Weber.

6. What is scientific management? Explain the principles of scientific management.

Ans. Scientific management can be defined as “Application of science for each and every element of management”. In general language, it means apply scientific tools, methods and trained personnel in order to increase output.

In the words of Taylor, scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.

Principles of Scientific Management
Taylor formulated four principles of scientific of management which are explain below :-
(i)Science, not rule of thumb: According to this principle Taylor insists that each job performed in the organization should be based on scientific enquiry and not on intuition, experience and hit and miss methods. He says that there must be thinking before doing which is not case of rule of thumb.

(ii)Harmony, not discord: According to this principle those who together in an organization must work in harmony. That is with mutual give and take and proper understanding. Taylor insists on mental revolution which means complete change of attitude and outlook for each other.

(iii)Co-operation, not individualism: - According to this principle work must be carried on in co-operation with each other, with mutual confidence and understanding for each other. Workers and managers must work in co-operation.

(iv)Development of works to their greatest efficiency and prosperity: - Industrial efficiency depends upon the efficiency of work. Workers efficiency depends upon proper training and their selection. Taylor insisted due care should be taken while selecting the employees and after selection they must be given job according to their qualification.

7. Explain the techniques of scientific management.

Ans. Taylor and his associates suggested the following techniques/ elements for scientific management:
(i)Functional foremanship: In this Taylor suggested the division of factors in two departments: planning department and production department. Taylor suggested under each department there must be some functional experts to supersize guide and instruct the works.

(ii)Standardization and simplification of work: Scientific management always emphasis on maintaining standard relating to every step of business operation. Standardization does not mean only quality standard but it refers to setting up standards for size, type, weights, measures and quality of product.

Simplification emphasis on elimination of unnecessary diversity of products, size and types.

(iii)Work study: Work study is the detail analysis of an activity with an objective to remove inefficiency and find out one best way of performing it. Work study eliminates wasteful and unnecessary operation reduces effort and increases productivity. Work study includes the following techniques:

(a) Method study: This technique is conducted to find out the one best method or way of performing the job.

(b) Time study: It involves a study to determine the time needed to complete a job.

(c) Motion study: This technique is conducted to determine the movements of workers when they are working and for cutting down unproductive and wasteful movements.

(d) Fatigue study: This technique is conducted to find out the frequency, the duration and the number of rest intervals.

(iv) Rate setting: Taylor advocated that wage rate should be set in such a way that the average worker is induced to improve his performance. For this purpose he suggested differential piece rate system.

(v) Scientific, selection and training: In this Taylor suggested that the first thing in selection process is determining of jobs for which persons are required. After this the appropriate qualification, training, experience and the level of efficiency for the job is determined. The selections are made as per the pre-determined standard. After selection, the worker should be given appropriate training.

8. Briefly explain the fourteen principles of management developed by Henry Fayol.

Ans. Fayol suggested 14 principles of management for running the business efficiently. These principles are given below:-

(i)Division of work (specialization): Division of work implies division of the total task in order to lighten the total burden and promote specialization in such a way that one person does only one thing rather doing everything himself.

(ii)Parity between authority and responsibility: - Authority means power to take decision. Responsibility means obligation to complete the job assigned on time. According to this principle there must be balance or parity between authority and responsibility.

(iii)Discipline: Discipline means obedience, respect of authority and observance of the established rules. Discipline is essential for smooth running of business and without it no business can prosper.

(iv)Unity of Command: This principles states that one person should receive orders from only one superior. In other words, one person should be accountable to only one boss.

(v)Unity of Direction: According to this principle, there should be one head and one plan for a group of activities having the same objectives. In other words, each department and a group having common objective must have one plan and must be under the control of one manager or superior.

(vi)Subordination of individual interest to General interest: According to this principle the interest of organization must always prevail over individual interest. This principle implies harmony of personal interest and common interest.

(vii)Fair Remuneration to workers: According to this principle, the remuneration paid to the workers should always be just and fair should afford maximum satisfaction to both employees and employer.

(viii)Centralization and Decentralization: Centralization refers to concentration of authority or power in few hands at the top level. Decentralization means evenly distribution of power at every level of management. According to Fayol a company must not be completely centralized or completely decentralized but there must be combination of both depending upon the nature and size of the organization.

(ix)Scalar chain: Scalar chain means line of authority or chain of superiors from highest to lowest rank. Fayol insists that this chain must follow strictly in the organization.

(x)Order: In this principle order does not mean command but it refers to orderly arrangement of men and material, that is a fixed place for everything and everyone in the organization. The principle of order implies right man in the right job and right material in the right place.

(xi)Equity: Equity refers to kind, fair, and just treatment to employees. Employees will put their maximum efforts only when they are treated with kindness and justice.

(xii)Stability in the tenure of personal: It refers to no frequent termination and transfer. Stability in the tenure of personnel is very essential because it take time to get used to a job.

(xiii)Initiative: Initiative refers to chalking out the plan and then implementing the same. Fayol suggested that employees in the organization must be given an opportunity to take some initiative in making and executing a plan.

(xiv)Esprit De Corps: Esprit De Corps means union is strength. Fayol emphasized on the team work. He suggested that every employee in the organization must consider him as a part or member of a team and try to achieve the team goal because team contribution is always better and more than individual contribution.

9. Give a comparative analysis of Taylor and Fayol Theory of Management.

Ans. Comparison between Taylor and Fayol Theory of Management (Similarities and Dissimilarities):

We have seen that both F.W. Taylor and Henry Fayol contributed to the science of management. There are points of similarity and dissimilarity in the works of both of these pioneers. We can sum up the points of similarity and dissimilarity between the two as follows:

Similarity:
1. Both of them felt the universality of management.

2. Both applied scientific methods to the problems of management.

3. Both observed the importance of personnel and its management at all levels.

4. Both wanted to improve the management practices.

5. Both of them developed their ideas through practical experience.

6. Both of them stressed mutual co-operation between employers and employees.

Dissimilarity:
1. Taylor laid his attention on the problems of shop floor while Fayol concentrated on the functions of managers at top level.

2. Taylor worked from the bottom of the industrial hierarchy upwards, while Fayol focussed on the chief executive and worked downwards.

3. The main aim of Taylor was to enhance productivity of labour and eliminate wastages. Fayol tried to develop a universal theory of management.

4. Taylor called his philosophy of work as 'Scientific Management' whereas Fayol expressed his work as 'General Theory of Administration'.

5. Taylor is known as father of Scientific Management and Fayol as the father of Principles of Management.

6. Fayol looks to the management in the wider perspective as compared to Taylor.

10. What is Bureaucratic Management? Explain the features of Ideal Bureaucratic Organisation.
Or
Explain the Max Weber Bureaucratic Management.

Ans. It was Max Webber who propounded the bureaucratic theory of organisation and management.
The term 'bureaucracy' has been widely used with invidious connotations directed at government and business. Bureaucracy is an administrative system designed to accomplish large-scale administrative tasks by systematically coordinating the work of many individuals. Weber has observed three types of power in organisations: traditional, charismatic and rational-legal or bureaucratic. He has emphasised that bureaucratic type of power is the ideal one.

Features (Characteristics) Of Weber's Bureaucracy:
Weber has given a number of features of bureaucracy. Accordingly, following features suggest the characteristics of bureaucratic organisations:

(i) Hierarchical Management Structure: Each level controls the levels below and is controlled by the level above. Authority and responsibilities are clearly defined for each position.

(ii) Division of Labour: Tasks are clearly defined and employees become skilled by specializing in doing one thing. There is clear definition of authority and responsibility.

(iii) Formal Selection Process: Employee selection and promotion are based on experience, competence, and technical qualification demonstrated by examinations, education, or training. There is no nepotism.

(iv) Career Orientation: Management is separate from ownership, and managers are career employees. Protection from arbitrary dismissal is guaranteed.

(v) Formal Rules and Regulations: Rules and regulations are documented to ensure reliable and predictable behaviour. Managers must depend on formal organizational rules in employee relations.

(vi) Impersonality: Rules are applied uniformly to everyone. There is no preferential treatment or favouritism.

11 . What do you mean by neoclassical school of management theory?

Ans. Neoclassical theory was built on the foundation of classical theory. However, neoclassical theory modified, enlarged and extended the classical theory. It is humanistic approach focusing especially on human relations, motivation, leadership, group dynamics, etc. Human factors remain central focus in this approach of management. It emphasised social and psychological factors existent at the place of work. This approach believes that successful management depends on manager's ability to understand the work as well as people in their needs, values, perceptions, and personality.

The neoclassical theory has two stream, namely

(i) Human Relations Approach – Elton Mayo.

(ii) Behavioural Science Approach – Mary Parker Follett.

12. Explain the Human Relations Approach of Management.

Or Explain the Hawthorne experiments conducted by Elton Mayo.

Ans. According to Human Relations Approach, management is the Study of behaviour of people at work.

This approach had its origin in a series of experiments conducted by Professor Elton Mayo and his associates at the Harvard School of Business at the Western Electric Company's Hawthorne Works, near Chicago in the year 1927-32.

These studies brought out for the first time the important relationships between social factors and productivity. Before it, productivity of the employees was considered to be a function only of physical conditions of work and money wages paid to them. For the first time it was realised that productivity depended largely upon the satisfaction of the employees in work situations. These studies came to be known as Hawthorne Experiments. A brief description of these experiments is given here:

1. Illumination Experiments:

Illumination experiments were undertaken to find out how varying levels of illumination (amount of light at the workplace, a physical factor) affected the productivity. The hypothesis was that with higher illumination, productivity will increase. In the first series of experiments, a group of workers was chosen and placed in two separate groups. One group was exposed to varying intensities of illumination.

Since this group was subjected to experimental changes, it was termed as experimental group. Another group, called as control group, continued to work under constant intensities of illumination. The researchers found that as they increased the illumination in the experimental group, both groups increased production. When the intensity of illumination decreased, the production continued to increase in both the groups.

The production in the experimental group decreased only when the illumination was decreased to the level of moonlight. The decrease was due to light falling much below the normal level.

Thus, it was concluded that illumination did not have any effect on productivity but something else was interfering with the productivity. At that time, it was concluded that human factor was important in determining productivity but which aspect was affecting, it was not sure. Therefore, another phase of experiments was undertaken.

2. Relay Assembly Test Room Experiments:
Relay assembly test room experiments were designed to determine the effect of changes in various job conditions on group productivity as the illumination experiments could not establish relationship between intensity of illumination and production. For this purpose, the researchers set up a relay assembly test room two girls were chosen.

These girls were asked to choose for more girls as co-workers. The work related to the assembly of telephone relays. Each relay consisted of a number of parts which girls assembled into finished products. Output depended on the speed and continuity with which girls worked. The experiments started with introducing numerous changes length of rest periods, the length of the working day, the lunch breaks etc. in sequence with duration of each change ranging from four to twelve weeks.

An observer was associated with girls to supervise their work. Before each change was introduced, the girls were consulted. They were given opportunity to express their viewpoints and concerns to the supervisor. In some cases, they were allowed to take decisions on matters concerning them.

As each change was introduced, absenteeism decreased, morale increased, and less supervision was required. It was assumed that these positive factors were there because of the various factors being adjusted and making them more positive. At this time, the researchers decided to revert back to original position, that is, no rest and other benefits. Surprisingly, productivity increased further instead of going down.

This development caused a considerable amount of redirection in thinking and the result implied that productivity increased not because of positive changes in physical factors but because of the change in girls' attitudes towards work and their work group.

They developed a feeling of stability and a sense of belongings. Since there was more freedom of work, they developed a sense of responsibility and self-discipline. The relationship between supervisor and workers became close and friendly.

3. Mass Interviewing Programme:
During the course of experiments, about 20,000 interviews were conducted between 1928 and 1930 to determine employees' attitudes towards company, supervision, insurance plans, promotion and

wages. Initially, these interviews were conducted by means of direct questioning such as “do you like your supervisor?” or “is he in your opinion fair or does he have favorites?” etc.

this method has disadvantage of stimulating antagonism or the oversimplified ‘yes’ or ‘no’ responses which could not get to the root of the problem, the method was changed to non- directive interviewing where employees were allowed to talk freely and air their opinions in a friendly atmosphere. The researchers found that employees followed those productivity norms which were established and enforced by the informal group. The findings, thus, confirmed the importance of social factors at work in the total work environment.

4. Bank Wiring Observation Room Experiment:
These experiments were conducted to find out the impact of small groups on the individuals. In this experiment, a group of 14 male workers were formed into a small work group. The men were engaged in the assembly of terminal banks for the use in telephone exchanges.

The work involved attaching wire with switches for certain equipment used in telephone exchanges. Hourly wage for each worker was fixed on the basis of average output of each worker. Bonus as also payable on the basis of group effort.

It was expected that highly efficient workers would bring pressure on less efficient workers to increase output and take advantage of group incentive plan. However, the strategy did not work and workers established their own standard of output and this was enforced vigorously by various methods of social pressure. The workers cited various reasons for this behaviour viz. fear of unemployment, fear of increase in output, desire to protect slow workers etc.

The Hawthorne experiments clearly showed that a man at work is motivated by more than the satisfaction of economic needs. Management should recognise that people are essentially social

13. What Behavioural Science Approach? State its features.

Ans. Meaning of Behavioural Sciences Approach:
Behavioural sciences approach is defined as systematic and scientific analysis of human behaviour with a view to determine the causes of working behaviour of an individual. This approach is also known as organisational behaviour approach. It recommends a study of behavioural sciences (like, psychology, industrial psychology, sociology, anthropology etc.) for understanding human behaviour at work; and applying the basic concepts, theories and models of these sciences for moulding human behaviour in the desired manner. It is an extension, modification and refinement of human relations approach.

Elements (or Features) of Behavioural Sciences Approach:
(i)An organisation is predominantly a social system; in addition to being a physical-technical system.

(ii)An individual joining the organisation brings to work place his needs, values, beliefs, attitudes and perceptual qualities.

(iii)Informal groups have their own unwritten constitutions; moulding individual behaviour favourably/unfavourably towards formal job assignments.

(iv) Conflicts between the organisation and individual and their groups though natural and inevitable, can be utilised towards extracting positive advantage out of such conflicts.

(v) Motivation and particularly non-monetary motivation has a profound effect on human behaviour at work,

(vi) Democratic leadership involving friendly supervision is extremely helpful in moulding workers' attitudes towards work, in a favourable manner.

(vii) Two-way communication in the organisation makes for better understanding and good human relations-conducive to increased human efficiency at work.

(viii) Involvement of workers in decision-making process makes them more committed to the organisation and acts as a self-motivating device.

14.Explain the advantages and disadvantages of Behavioural Science Approach. Or

Critically evaluate the Behavioural Science Approach.

Ans. Critical Evaluation
The Behavioural Science Approach may be critically evaluation as follows:

Merits:
Following are the main advantages of behavioural sciences approach:
(i) Study of human behaviour most critical for managerial success: Despite the development of many approaches to management study, behavioural sciences approach is unparalleled and unbeaten. It concentrates on a study of human behaviour; which is the most critical single factor-responsible for management success/failure.

(ii) Contribution to management: Behavioural sciences approach has made significant contribution to management in the fields of group dynamics, motivation, communication and leadership.

(iii) Basis of organisational behaviour: Behavioural sciences approach is basis of a new management discipline-called organisational behaviour. Some of the outstanding concepts of organisational behaviour like, informal groups, attitudes, personality, perception, individual and group behaviour etc. are a gift of behavioural sciences approach.

Limitations:
Some serious limitations of behavioural sciences approach are:
(i) Over-emphasis on behavioural aspect: Behavioural sciences approach over-emphasizes on behavioural aspect. In fact, in management, there are many things more important than human behaviour; which are ignored by behavioural sciences approach.

(ii) Unpredictability of human behaviour: Behavioural sciences approach recommends a study of human behaviour; which is difficult to understand. Ever-changing human psychology makes human behaviour unpredictable. Behavioural sciences approach offers no techniques for predicting human behaviour.

(iii) Findings not universally applicable: Findings of behavioural sciences approach are not applicable universally to all enterprises operating in different social, religious and cultural backgrounds.

15. What is modern approach to management?

Ans. The modern approach to management represents the latest development in the field of management that took place after 1950. The modern approach has three streams, namely
(i) System Approach
(ii) Contingency Approach
(iii) Operation Approach

16. What is system approach of management? State its features.

Ans. A system is a set of interacting subsystems (i.e., components) that contribute a united whole. Organisation is composed of elements that are dependent on one another. These elements are viewed as subsystems of a larger system. The subsystems interact with each other by getting influenced and influencing others. Every business organisation is a system of its environment. It is an open system that interacts with its environment. It is subject to changes from within and outside to meet the needs of an organisation.

In simple words, a system may be defined as a set an interrelated and interdependent parts forming an organized unit or entity.

Any working organisation may be said to have three sub-systems as follows:

1. Technical Sub-System: It represents the formal relationships among the members of an organisation.

2. Social Sub-System: It provides social satisfaction to members through informal group relations.

3. Power Sub-System: It reflects the exercise of power or influence by individuals and groups.

Features of Systems Approach:
(i) A system consists of interacting elements. It is set of inter-related and inter-dependent parts arranged in a manner that produces a unified whole.

(ii) The various sub-systems should be studied in their inter-relationships rather, than in isolation from each other.

(iii) An organisational system has a boundary that determines which parts are internal and which are external.

(iv) A system does not exist in a vacuum. It receives information, material and energy from other systems as inputs. These inputs undergo a transformation process within a system and leave the system as output to other systems.

(v) An organisation is a dynamic system as it is responsive to its environment. It is vulnerable to change in its environment.

In the systems approach, attention is paid towards the overall effectiveness of the system rather than the effectiveness of the sub-systems. The interdependence of the sub-systems is taken into account. The idea of systems can be applied at an organisational level. In Appling system concepts, organisations are taken into account and not only the objectives and performances of different departments (sub-systems).

17. Explain the significance and limitations of the system approach to management. Or

Critically evaluate the system approach to management

Ans. Critical Evaluation
The systems approach may be critically evaluation as follows:

(A) Contributions (Advantages)
Systems theory has made the following contributions.
(i) It provides a manager a way of thinking about the job of managing and unfolds an opportunity to him for looking it the organization as a whole and for achieving overall effectiveness.

(ii) It provides a unified focus to organizational efforts – a direction towards which people should strive.

(iii) It draws attention of managers to an important factor and that is the environment in which an organization works. The interaction with the environment is dynamic.

(iv) It includes within it focus both micro and macro aspects of the organizations. Hence it serves a multi-level and multi-dimensional approach.

(v) It implies that the modern manager should have analytical orientation should be expert in motivating to achieve goals and open mandate to receive and respect new ideas, i.e. creativity and innovation.

(vi) It also implies that management education must seek to develop the ability to work with and motivate others.

(B) Limitations
The system theories have been criticized on the following grounds.
(i) Systems theory is not a complete explanation of the whole organizational system. It does not explain how the sub-system of the specific organization is uniquely related in a given environment.

(ii) The conceptional framework for understanding organization provided by system theory is too abstract.

(iii) It does not really offer any new thing. Managers do understand interrelationship between different parts and the influence of environment on organization and it sub-systems.

18. What is contingency approach to management? Discuss its merits and limitations.

Ans. Management techniques that are effective in one situation may not be effective in another situation. In other words, effective management principles and practices vary with the situation in which the organisation operates. It is a systematic attempt to determine package of management techniques, approaches, and practices that are appropriate in a specific situation. Manager should have flexibility and freedom for devising a course of actions that are effective and efficient for a particular situation.

Advantages of Contingency Approach to Management:

(i) Contingency approach is dynamic in nature. So, it changes according to the situations. it allows managers to change the policies according to the situation.

(ii) Contingency approach helps the manager to enhance their leadership and decision-making skills.

(iii) Contingency approach provides options to the employees that help them to grow and share their ideas to the business.

(iv) It helps to design the organizational structure and plan the information decision systems.

Disadvantages of Contingency Approach to Management

(i)Contingency approach has a complex approach. The suggestion of the approach is very simple but when it comes to practical it becomes more complex.

(ii)Contingency approach is basically reactive in nature. Sometimes the handling the situations become hard for the manager.

(iii)Contingency approach suffers from inadequately of literature. It is not sufficient to say that ‘a managerial action depends on the situation.

19. What is operation research approach to management?

Ans. This approach is also known as Management Science Approach. It is based on the approach of scientific management. It offers a systematic and scientific analysis and solution to the problems faced by managers. It aims at achieving a high degree of precision, perfection and objectivity in solving managerial problem. It uses mathematical and statistical tools for solving complex problems. This approach uses quantitative tools of decision making known as operation research. Linear programming, game theory, queuing theory, simulation etc., are often used for making rational decisions.

20. What is management by objectives (MBO)? State its features.

Ans. Management By Objectives (MBO) is the process of setting achievable goals for the managers and employees at all the levels to be accomplished within a stipulated period. It streamlines the plan of action of the workforce and establishes their roles and responsibilities.

The concept of MBO was introduced by Peter Drucker in his book ‘Practice of Management’ in the year 1954. In general terms, it is also called as MBR (Management By Results) or PRIDE (Performance, Result and Individual Development Evolution).

Characteristics of MBO

Some may say that MBO is just about framing the business goals and objectives, but it is much more than that. Following features of MBO will broadly enlighten the above statement:

(i)Resource Optimization: MBO ensures the proper utilization of the available resource (i.e., human resources) eliminating the wastage of these resources in terms of time and efforts.

(ii)Goal Orientation: The initial step in MBO is the goal formation, and all the efforts are directed towards the accomplishment of these set objectives.

(iii)Multiple Accountability: In MBO, goals are formed for the employees, and therefore, everyone has their course of action for which they are individually accountable.

(iv)Universally Applicable: The concept of MBO can be applied to almost all the organizations, whether business entities or non-profit organizations.

(v)Systems Approach: It is applied to the whole system and thus integrates the efforts of the individual, the organization and its environments in a single direction.

(vi)Simple and Comprehensive: Since MBO is a non-technical process, it can be easily understood by all types of managers and employees.

(vii)Operational: It is practically applicable to the day to day business operations, and the performance can be evaluated periodically by comparing the actual result to the desired outcome.

(viii)Employee Management Participation: The top management does not just set the goals in MBO but involves the active participation of the employees and the managers too.

21. Explain the process of MBO.

Ans. MBO is not a process; instead, it functions as a cycle where the continuous process of goal formation and its accomplishment repeat after short intervals.

The process of MBO includes the following six steps:

(i)Defining Organizational Goals: The initial step is to establish the short-term and long-term organizational goals and objectives which evolves from the mission and vision of the company.

(ii)Determining Employees' or Subordinates' Objectives: The next step is to define the individual goals and objectives. For this, opinion is taken from the employees on their ability of goal accomplishment and targets which they will set for themselves.

(iii)Constant Monitoring Employee Progress and Performance: The managers need to continuously monitor the performance of each employee to identify any loopholes or hurdles in business operations.

(iv)Performance Evaluation: After monitoring the work, the managers need to evaluate and review the performance of every individual to spot any scope for improvement.

(v)Providing Feedback: With the help of the above evaluation, the managers now need to give valuable feedback to every individual to motivate them and at the same time making them aware of their weaknesses and potential for improvement.

(vi)Performance Appraisal: The last step is reviewing the performance of the employees regularly to bring in efficiency in their work stream.
As these goals are usually set for short-term, the process can be repeated again and again.

22. What are the merits and limitations of MBO.

Ans. Advantages of MBO

MBO is a strategically approach adopted to streamline the business activities and direct the individual and group efforts towards the attainment of the organizational goals. Following are some of the other benefits of MBO:

(i)Better Planning: When the organization knows what it wants to achieve, i.e., its goals, it becomes quite easy to plan in that direction.

(ii)Efficient Management: MBO increases the efficiency of the organization to achieve its goals or objectives within a pre-determined time frame.

(iii)Clear Organizational Roles: MBO provides a goal, target and objective for each employee. It also defines their individual and group roles clearly, to avoid any confusion or doubt.

(iv)Performance Evaluation: MBO establishes a framework for every employee, thus providing a basis for the evaluation of individual performance.

(v)Better Guidance and Direction: When the subordinates know what they have to do, it becomes easy for the superiors to guide and mentor them in the same direction.

(vi)Simplifies Goal Achievement: The subordinates are assigned with individual roles, responsibilities and tasks in the direction of achieving organizational goals which simplify their work.

(vii)Increases Job Satisfaction: When the employees realize the level of efforts made by the management and the superiors to simplify their work, they feel valued and satisfied with their job.

(viii)Establishes Cordial Relations with Superiors: When the subordinates are free to communicate with the superiors in a highly motivated and positive work environment, a cordial relationship is formed among the two.

Limitations of MBO

Despite its numerous advantages, MBO has some shortcomings too, which may sometimes lead to poor results and a downturn in performance. Let us now go through these drawbacks in detail below:

(i)**Lack of Proper Objective**: Due to the changing environment and competitiveness, the organizational objective seems to be vague at times.

(ii)Issues in Goal Setting: Many times, companies set unrealistic goals which are too high to be attainment, thus hindering the MBO process.

(iii)Co-ordination Problem: Eventually, everyone knows their work and are engaged in completing the individual task without interacting with each other. Thus, there may arise a coordination issue in business operations.

(iv)Time Consuming: MBO takes a lot of time, sometimes years to give the desired results.

(v)Reward-Punishment Approach: It functions on the concept that reward the performer and punish the no-performer; this approach brings in negativity and resistance in the employees.

(vi)Develops Organizational Problems: Sometimes superiors become lenient and carefree about the operations which may lead to substantial organizational problems on non-compliance of the assigned tasks.

23. What is Business Process Re-engineering (BPR)? List the steps to ensure the success of BPR in an organisation.

Ans. Business process re-engineering is the radical redesign of business processes to achieve dramatic improvements in critical aspects like quality, output, cost, service, and speed. Business process reengineering (BPR) aims at cutting down enterprise costs and process redundancies on a very huge scale.

Five steps of business process reengineering (BPR)
To keep business process reengineering fair, transparent, and efficient, stakeholders need to get a better understanding of the key steps involved in it. Although the process can differ from one organization to another, these steps listed below succinctly summarize the process:

1. Map the current state of your business processes:
Gather data from all resources–both software tools and stakeholders. Understand how the process is performing currently.

2. Analyze them and find any process gaps or disconnects:
Identify all the errors and delays that hold up a free flow of the process. Make sure if all details are available in the respective steps for the stakeholders to make quick decisions.

3. Look for improvement opportunities and validate them:
Check if all the steps are absolutely necessary. If a step is there to solely inform the person, remove the step, and add an automated email trigger.

4. Design a cutting-edge future-state process map:
Create a new process that solves all the problems you have identified. Don't be afraid to design a totally new process that is sure to work well. Designate KPIs for every step of the process.

5. Implement future state changes and be mindful of dependencies:
Inform every stakeholder of the new process. Only proceed after everyone is on board and educated about how the new process works. Constantly monitor the KPIs.

A real-life example of BPR
Many companies like Ford Motors, GTE, and Bell Atlantic tried out BPR during the 1990s to reshuffle their operations. The reengineering process they adopted made a substantial difference to them, dramatically cutting down their expenses and making them more effective against increasing competition.

24. Briefly explain the various forces of Five Force Analysis. Analyse the effect of the forces on industry's attractiveness. Also state the limitations of Five Force Analysis.

Ans. Michael E. Porter developed the Five Forces Model in 1980. Michael Porter's Five Forces is a powerful competitive analysis tool to determine the principal competitive influence in a market. It is a broadly used model in business that refers to the five important factors that drive a firm's competitive position within an industry. By thinking through how each force affects you, and by identifying the strength and direction of each force, you can quickly assess the strength of the position and your ability to make a sustained profit in the industry.

The Porter's five forces analysis include the following components:

(i)The bargaining power of suppliers: It represents the extent to which the suppliers can influence the prices. When there are a lot of suppliers, buyers can easily switch to competition because no supplier can, actually, influence the prices and exercise control in the industry. On the contrary, when the number of suppliers is relatively small, they can push the prices up and be powerful. Thus, supplier bargaining power is high when:

- The market is conquered by a few big suppliers.
- There are no alternative products available.
- The supplier customer base is fragmented, making their bargaining power low.
- High switching costs from one to another supplier.

Possibility of supplier integration forward, to obtain higher profits and margins.

(ii)The bargaining power of Customers: The bargaining power of customers looks at customers' ability to affect the pricing and quality of products and services. When the number of consumers of a particular product or service is low, they have much more power to affect pricing and quality. The same holds true when a large proportion of buyers can easily switch to a different product or service. When consumers buy products in low quantities, the bargaining power is low. Factors affecting this force are buyer concentration, the degree of dependency on the product, overall bargaining leverage, readily available purchasing information, substitute products, price sensitivity, and total volume of trade. Thus, customer bargaining power is high when:

- Customers procure large volumes.
- The supplying industry consists of several small operators.
- The supplying industry is controlled with high fixed costs.
- The product has substitutes. Switching products is easy and simple.
- Switching products does not incur high costs.
- Customers are price responsive. Customers could manufacture the product themselves.

(iii)The threat of new entrants: when the barriers to entry into an industry are high, new businesses can hardly enter the market due to high costs and strong competition. Highly concentrated industries, like the automobile or the health insurance, can claim a competitive advantage because their products are not homogeneous, and they can sustain a favourable position. On the other hand, when the barriers to entry into an industry are low, new businesses can take advantage of the economies of scale or key technologies. Possible barriers to entry could include:

- Economies of scale. High initial investment costs or fixed costs
- Cost advantage of existing players.
- Brand loyalty.
- Intellectual property like licenses, etc.
- Shortage of important resources.
- Access to raw materials is controlled by existing players.
- Distribution means are controlled by existing players.
- Existing players have secure customer relations. Elevated switching costs for customers.
- Legislation and government acts.

(iv)The threat of substitutes: when customers can choose between a lot of substitute products or services, businesses are price takers, i.e. buyers determine the prices, thereby lessening the power of businesses. On the contrary, when a business follows a product differentiation strategy, it can determine the ability of buyers to switch to the competition. This threat is determined by things such as:

- Brand dependability of customers.
- Secure customer relationships.
- Switching costs for customers.
- The relative price for performance of substitutes.
- Up-to-date trends.

(v)Competitive rivalry: in highly competitive industries, firms can exercise little or no control on the prices of the goods and services. In contrast, when the industry is a monopolistic competition or monopoly, businesses can fully control the prices of goods and services. Rivalry between existing players is likely to be high when:

- Players are the same size.
- Players have comparable strategies.
- Little or no differentiation between players and their products leading to price competition.
- Low market growth rates.
- Barriers for exit are high.

25. Explain the concept of "Fortune at the Bottom of Pyramid". What are its assumptions? What risks and challenges are associated with this model?

Ans. Bottom of the Pyramid or Base of the Pyramid (BOP) refers to the lowest socio-economic segment in the world. The Bottom of the Pyramid concept was established in a series of articles in practitioner journals by Prof. C. K. Prahalad and colleagues, but the idea was popularized by his book "Fortune at the Bottom of the Pyramid". BOP is a business concept that advocates that low income markets present an amazing opportunity for the world's wealthiest companies to seek their fortunes and bring prosperity to the aspiring poor.

BOP is the largest but poorest socio-economic group. Prof. C. K. Prahalad and colleagues argued that MNCs have only targeted customers at the upper end of the economic pyramid and have ignored Bottom of the Pyramid (BOP) customers, assuming them to be inaccessible and unprofitable. They argued further that MNCs should view markets as an unexploited opportunity and be pro-active in fulfilling the needs and wants of low income consumers. Given the enormous attention the concept has attracted, it has the potential to impact the world's billions of poor people – as well as managerial practices of MNCs. This double potential makes it important to analyse how large corporations can serve low-income customers profitably.

Four Consumer Tiers: According to the BOP concept, the consumers are divided into four groups according to their income level. The classification is based on purchasing power parity in US Dollars. The four tiers consumers are:

(i) Tier-1: It refers to cosmopolitan group comprising middle and upper-income people of developed countries and few rich elites from the developing the world.

(ii) Tier-2 and Tier-3: The middle of pyramid, i.e., Tiers-2&3 comprise poor customers in developed nations and the rising middle classes in developing countries.

(iii) Tier-4: It refers to those people who lie at the bottom of the pyramid and their annual per capita income is bare minimum considered necessary to sustain a decent life.

26. What is learning organisation? Explain its features.

Ans. Meaning of Learning Organisation:
"Learning organisation is the one that has developed the capacity to continuously learn, adapt, and change". — B. P. Robbins and M. Coulter

Organisations operate in the dynamic environment. There are continuous innovations in information and computer technologies. Markets are global and customers are spread worldwide. Though the world has become global, customers all over the world are not the same. They are guided by their country's culture, attitudes and beliefs.

In order to be successful, organisations should learn and respond to changes quickly. They learn about effectively challenging conventional wisdom, manage the organisation's knowledge base and make the desired changes. All organisational members take active part in identifying and resolving work- related issues. In a learning organisation, employees practice knowledge management.

Features of Learning Organisation:

A learning organisation has the following features:

1. Boundary-less organization: It does not have a defined structure. The organisation design is not limited to horizontal, vertical or external boundaries. Horizontal boundaries create departments and vertical boundaries create organisational levels and hierarchies. A learning organisation remains flexible and unstructured. Employees cooperate in performing organisational activities.

2. Teams: Employees do not work for specific departments at specific levels. They work in teams and perform all organisational activities. Managers create cross-functional teams to organise activities around work processes instead of functional departments. This removes horizontal boundaries in the organisation.
They create cross-hierarchical teams and promote participative decision-making. This removes vertical boundaries in the organisation. People subordinate personal interests and fragmented departmental interests and work together to achieve the organisation's shared vision.

3. Empowerment: Employees make effective decisions as they are empowered to do so. Power is the ability to do work. Employee teams in learning organisations are empowered to make decisions about work-related issues. Need for bosses or direct supervisors gets reduced.

4. Information sharing: Information facilitates learning. In a learning organisation, employees learn by sharing information (knowledge management). There is timely, accurate and open sharing of information in the organisation. As there are no structural boundaries, people openly communicate with each other (across vertical and horizontal boundaries). This leads to extensive information sharing amongst members.

5. Shared vision: Leaders of learning organisation facilitate shared vision in the organisation. Members develop common vision of organisational goals and strategies and collectively work towards that vision. It enables the organisation to respond to future opportunities and benefit from them.

6. Collaboration: A learning organisation has strong and committed leaders. They create, support and encourage people to collaborate with each other. This creates a motivated workforce which learns continuously from experience and environmental factors.

27. Explain the advantages of learning organisation.

Ans. A learning organisation has the following merits:

1. The organisation experiments, tries and permits more failures. This provides extensive information to make decisions.

2. The organisation interacts with customers and maintains a rich and informal environment conducive to growth and success. Knowledge of customer requirement is important for company's fortunes.

3. Learning enhances company's speed, innovativeness and adaptability.

4. The organisation can anticipate and adapt changing market conditions. It reaches the market with innovative products faster than competitors.

5. The organisation maximises responsiveness to customers' needs. This provides competitive advantage to the company.

6. It enables the organisation to survive in the knowledge economy and cope with rapidly changing technology, global competition and demands.