

## **I. OBJECTIVE TYPE QUESTIONS & ANSWERS: [Each Carries 02 Marks]**

### **Question 1 :**

In what order do managers typically perform the managerial functions?

- a) organising, planning, controlling, leading
- b) organising, leading, planning, controlling
- c) planning, organising, leading, controlling
- d) planning, organising, controlling, leading

**Ans: c**

### **Question 2:**

Who of the following is the industrial philanthropist?

- a) Frederick Taylor
- b) Seebohm Rowntree
- c) Henry Ford
- d) Max Weber

**Ans: b**

### **Question 3:**

Which one of the following is not one of Drucker's five guiding principles of management?

- a) Making people's strengths effective and their weaknesses irrelevant.
- b) Enhancing the ability of people to contribute.
- c) To operate the organisation's status system.
- d) Integrating people in a common venture by thinking through, setting and exemplifying the organisational objectives, values and goals.

**Ans: c**

### **Question 4:**

What are the three interpersonal roles of managers?

- a) Figurehead, leader and liaison
- b) Spokesperson, leader, coordinator
- c) Director, coordinator, disseminator
- d) Communicator, organiser, spokesperson

**Ans: a**

### **Question 5:**

At what level of an organisation does a corporate manager operate?

- a) Functional
- b) Operational
- c) Middle level
- d) Top level

**Ans: d**

**Question 6:**

What is the guiding principle behind New Public Management?

- a) Profit maximisation
- b) Introducing private sector business principles into the public sector
- c) Replacing public management with private sector management
- d) Restructuring public organizations

**Ans: b**

**Question 7:**

Which one is not a recognised key skill of management?

- a) Conceptual skills
- b) Human skills
- c) Technical skills
- d) Writing skills

**Ans: d**

**Question 8:**

Which of these is not part of the recognised challenges for modern managers?

- a) Micro-managing the workforce
- b) Managing communications
- c) Managing change
- d) Managing the learning organisation

**Ans: a**

**Question 9:**

Who of these is the entrepreneur?

- a) Barack Obama
- b) James Dyson
- c) Damien Hirst
- d) Mo Farah

**Ans: b**

**Question 10:**

What is a social enterprise concerned with?

- a) Profit maximisation
- b) Maximising market share
- c) Providing public service
- d) Running a business to create social benefits

**Ans: d**

**Question 11:**

\_\_\_\_\_ is the process of using the resources and personnel of an organization in an orderly way to achieve the objectives and long-term goals of the organization.

**Ans: Organising**

**Question 12:**

----- roles involve people and other duties that are ceremonial and symbolic in nature.

**Ans: Interpersonal**

**Question 13:**

----- is the use of scientific method to define the “one best way” for a job to be done.

**Ans: Scientific management**

**Question 14:**

\_\_\_\_\_ concluded that managers perform 10 interrelated activities that relate to decision making, using information and interpersonal relationships.

**Ans: Mintzberg**

**Question 15:**

Management is the combination of Arts, Science and profession.

- True
- False

**Ans : True**

**Question 16:**

Planning is often considered to be the primary management function because it establishes the basis for all the other things that managers do.

- True
- False

**Ans: True**

**Question 17:**

All organizations develop a systematic structure that defines and limits the behavior of their members.

- True
- False

**Ans: False**

## **II. SHORT QUESTIONS & ANSWERS: [Each Carries 02 Marks]**

### **1. Define Management.**

**Ans:** According to KOONTZ & WEIHRICH, “Management is the process of designing and maintaining of an environment in which individuals working together in groups efficiently accomplish selected aims”.

“Management is the art of getting things through and with people in formally organized groups”.

Ex: Human Resource Management, Financial Management.

### **2. Is Management - an art or science?**

**Ans:** Managing as practice is an art; the organized knowledge underlying the practice is a science. Managing has the following features that make it an art.

1. Creative
  2. Individual approach
  3. Application and dedication
  4. Initiative and Intelligence.
- The following features make it a science.

5. Systematic decision making
  6. Universal management process
  7. Situational output and
  8. Universally accepted management.
- Thus management can be called both as an art and science.

### **3. What are the essential skills of Managers?**

**Ans:** The major skills required or expected out of managers are:-

Technical skills – Pertaining to knowledge and proficiency in activities involving methods and procedures;

Human skills – Ability to work effectively with other persons and to build up cooperative group relations to accomplish organizational objectives;

Conceptual skills – Ability to recognize significant elements in a situation; and to understand the relationship among those elements; and

Design skills – Ability to solve problems in ways that will benefit the enterprise.

### **4. Define Scientific Management.**

**Ans:** Scientific management involves specific method of determination of facts through observation.

scientific management implies the art of knowing exactly what is to be done and how it is to be done. Under this approach, scientific techniques are applied in the recruitment, selection and training of workers and are also used in tackling various industrial problems.

“Scientific management means knowing exactly what you want men to do and seeing that they do it in the best and the cheapest way”. —F.W. Taylor

## **5. List the principles of Scientific Management.**

**Ans:** Scientific management was introduced by F.W Taylor who is known as the Father of Scientific Management. He adopted scientific methods to increase the productivity and greater efficiency in production.

The principles of Scientific Management are:-

- ☐ Separation of planning and working
- ☐ Functional foremanship
- ☐ Job analyzers

## **6. List the contributions of Fayol towards Management.**

**Ans:** Henry Fayol is a French industrialist whose contributions are termed as operational management or administrative management. He followed „The Classical Approach“ to the evolution of management thought. His contributions are given as follows:-

- Grouping of activities of an industrial organization into six groups, namely- Technical, commercial, financial, security, accounting and managerial;
- Identified six types of qualities of a manager are- Physical, mental, moral, educational, technical and experience;
- Fourteen principles of Management namely- Division of Work, Authority and responsibility and so on; and
- Five elements/functions of management- Planning, organizing, commanding, coordinating and controlling.

## **7. List out the Functions of management**

**Ans:** The Functions of management are:-

- Planning
- Organizing
- Staffing
- Leading or Direction or Coordination
- Controlling

## **8. List out the Management level and functions.**

**Ans:** The Management Level are as follows:

- Top-level management
- Middle level management
- Lower level management

Top level management functions

1. To formulate goals and policies
2. To formulate budgets
3. To appoint top executives

Middle level management functions.

1. To train motives & develop supervisory level
2. To monitor and control the operations performance

Low level management

- 1.To train & develop workers
- 2.To assign job
- 3.To give orders and instructions
- 4.To report the information about the workers

### **9. What are the roles played by a Manager?**

**Ans:** The roles played by a Manager are as:-

#### **Interpersonal roles**

1. Figurehead role
2. The leader role
3. The liaison role

#### **Informational roles**

4. The recipient role
5. The disseminator role
6. The spokesperson role

#### **Decision roles**

7. The entrepreneurial role
8. The disturbance-handler role
9. The resource allocator role

### **10. Define ‘Sole proprietorship’.**

**Ans:** A Business unit that is owned and controlled by a single individual is known as sole trading or sole proprietorship concern. He uses his own savings for running the business. The sole trader makes all purchases and sells on his own and maintains all the accounts. He alone enjoys all the profits and bears all the losses. Ex: A Fancy store.

### **11. What do you mean by a ‘Partnership firm’?**

**Ans:** A partnership is an association of two or more persons to carry on business and to share its profit and losses. The relation of a partnership arises from contract. The maximum number of partners is limited to 10 in the case of banking business and 20 in the case of other business. Ex: Chand & Co.

### **12. What do you understand by the term ‘Joint Stock Company’?**

**Ans:** “By a Company we mean an association of many persons who contribute money or money’s worth to a common stock and employs it in some trade or business and also shares the profit and loss as the case may be arising there from”.

There are two types of Joint stock companies:-

\* Private Limited company – Ex: M/s Key Media Pvt. Ltd.

\* Public Limited company – Ex: M/s Pearl credits Ltd.

### **13. Who is (i) an active partner (ii) a sleeping partner?**

**Ans:** Active partner: Any partner who is authorized by others to manage the business is known as active partner.

Sleeping partner: Any partner who does not express his intention to participate in the business can be called as a sleeping partner. He will be just an investor who has a right to share profits.

### **14. What is a Co-operative Enterprise?**

**Ans:** A Co-operative enterprise is a voluntary association of persons for mutual benefit and its aims are accomplished through self-help and collective effort. It may be described as a protective device used by the relatively less strong sections of society to safeguard their economic interests in the face of exploitation by producers and sellers working solely for maximizing profits. Ex: AAVIN Milk Federation Cooperative Society.

### **15. What is a Private limited company?**

**Ans:** A Private limited company is a company which has a minimum paid up capital as may be prescribed. It can be incorporated with just two persons. It can have a maximum of 50 members. It cannot go in for a public issue. It restricts the transfer of its shares. It is particularly suitable for industrial ventures which can get many concessions in respect of income tax. Ex: M/s Key Media Pvt. Ltd.

### **16. What is a Public limited company?**

**Ans:** A Public limited company should have a minimum of 7 members and the maximum limit is unlimited. It can issue shares to the Public. The financial statement should be sent to all the members and to the Registrar of Companies. The shares of a public limited company can be transferred by the members to the others without any restriction by the company. Such transfers are made through organized markets called „stock markets“ or „stock exchanges“. Ex: M/s Pearl credits Ltd.

### **17. What is a Public sector Enterprise?**

**Ans:** Public enterprise or State enterprise is an undertaking owned and controlled by the local or state or central government. They are financed and managed by the government. They are started with a service motive. Ex: NLC Ltd.

### **18. What is a Public Corporation?**

**Ans:** A Public corporation is an autonomous body corporate created by a special statute of a state or central government. A public corporation is a separate legal entity created for a specific purpose. Ex: LIC India.

### III. LONG QUESTIONS & ANSWERS: [Each carries 10 Marks]

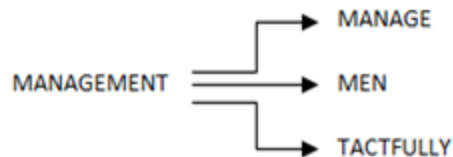
#### Q.1 Define Management? Discuss its various concepts and characteristics.

**Ans:**

Management can be defined as art and skill of getting things done through others is called management. More elaboration is given by George R Terry. According to Terry-“management is the distinct process consisting of planning, organizing, activating, and controlling activities performed to determine and accomplishes the objectives by the use of people and resources.”

The four management activities are included under the process and they are planning, organizing, activating and controlling.

MANAGEMENT = MANAGE+MEN+T (TACTFULLY)



Basically, there are 5 concepts of management. They are:

1. Functional concept :- Management basically is the task of planning, coordinating, motivating and controlling the efforts of other towards the goals and objectives of the organization. According to this concept, management is what a manager does (planning, executing, and controlling)
2. Human relation concept:- According to this concept, Management is the art o getting things done through and with people in organized groups. It is the art of creating an environment in which people can perform and individuals could cooperate towards attaining of group goals. It is an art of removing blanks to such performance a way of optimizing efficiency in reaching goals.
3. Leadership and decision making concept:- According to this concept, management is the art and science of preparing, organizing, directing human efforts applied to control the forces and utilize the materials of nature for the benefits to man.
4. Productive concept:- According to this concept, management may be defined as the art of securing maximum prosperity with a minimum effort so as to secure maximum prosperity and happiness for both employer n employee and provide best services thereby.
5. Integration concept:- According to this concept, management is the coordination of human and material resources towards the achievement of organizational objectives as well as the organization of the productive functions essential for achieving stated or accepted economic goal.

#### FEATURES/ CHARACTERISTICS OF MANAGEMENT

The following are the features of management:-

1. Continuous and never ending process:- Management is a Process. It includes four main functions, viz., Planning, Organising, Directing and Controlling. The manager has to Plan and Organise all the activities. He had to give proper Directions to his subordinates. He also has to Control all the activities. The manager has to perform these functions continuously. Therefore, management is a continuous and never ending process.



2. Getting things done through people:- The managers do not do the work themselves. They get the work done through the workers. The workers should not be treated like slaves. They should not be tricked, threatened or forced to do the work. A favourable work environment should be created and maintained.

3. Result oriented science and art:- Management is result oriented because it gives a lot of importance to "Results". Examples of Results like, increase in market share, increase in profits, etc. Management always wants to get the best results at all times.

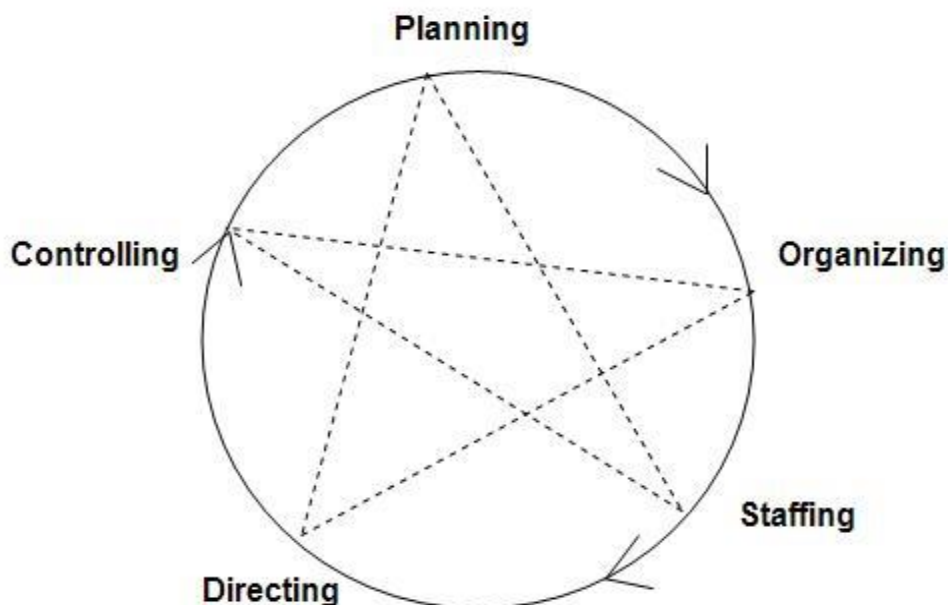
4. Multidisciplinary in nature:- Management has to get the work done through people. It has to manage people. This is a very difficult job because different people have different emotions, feelings, aspirations, etc. Similarly, the same person may have different emotions at different times. So, management is a very complex job. Therefore, management uses knowledge from many different subjects such as Economics, Information Technology, Psychology, Sociology, etc. Therefore, it is multidisciplinary in nature.

5. A group and not an individual activity:- Management is not an individual activity. It is a group activity. It uses group (employees) efforts to achieve group (owners) objectives. It tries to satisfy the needs and wants of a group (consumers). Nowadays, importance is given to the team (group) and not to individuals.

## **Q.2 Discuss in details the various functions of Management?**

**Ans:**

According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control". Whereas Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. Planning, Organizing, Staffing, Directing and Controlling.



## **1. Planning**

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, "Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be". A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources.

## **2. Organizing**

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, "To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's". To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

## **3. Staffing**

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure". Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, Selection & Placement.
- Training & Development.
- Remuneration.
- Performance Appraisal.
- Promotions & Transfer.

## **4. Directing**

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:

- Supervision
- Motivation
- Leadership
- Communication

Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

## **5. Controlling**

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to Koontz & O'Donell "Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished". Therefore controlling has following steps:

- Establishment of standard performance.
- Measurement of actual performance.
- Comparison of actual performance with the standards and finding out deviation if any.
- Corrective action.

### **Q.3 What are the different levels of management? Also highlight the roles played by level.**

**Ans:**

The term "Levels of Management" refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories:

- ✓ Top level / Administrative level
- ✓ Middle level / Executory
- ✓ Low level / Supervisory / Operative / First-line managers

Managers at all these levels perform different functions. The role of managers at all the three levels is discussed below:



### Top Level of Management

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows -

- Top management lays down the objectives and broad policies of the enterprise.
- It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
- It prepares strategic plans & policies for the enterprise.
- It appoints the executive for middle level i.e. departmental managers.
- It controls & coordinates the activities of all the departments.
- It is also responsible for maintaining a contact with the outside world.
- It provides guidance and direction.
- The top management is also responsible towards the shareholders for the performance of the enterprise.

### Middle Level of Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as:

- They execute the plans of the organization in accordance with the policies and directives of the top management.
- They make plans for the sub-units of the organization.
- They participate in employment & training of lower level management.
- They interpret and explain policies from top level management to lower level.
- They are responsible for coordinating the activities within the division or department.
- It also sends important reports and other important data to top level management.
- They evaluate performance of junior managers.
- They are also responsible for inspiring lower level managers towards better performance.

## Lower Level of Management

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to R.C. Davis, “Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees”. In other words, they are concerned with direction and controlling function of management. Their activities include -

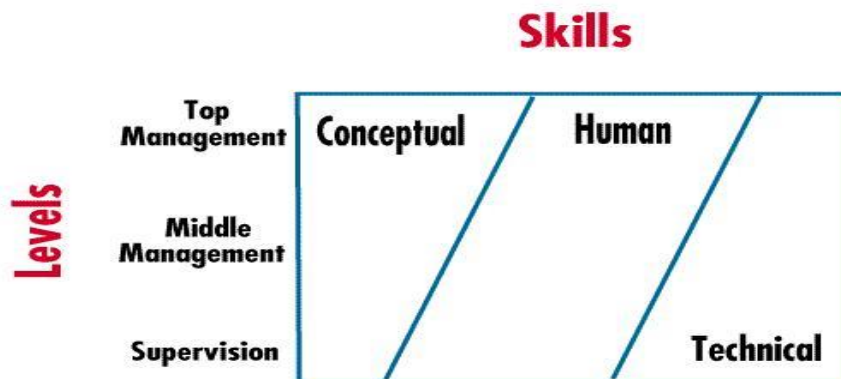
- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.
- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.
- g. They supervise & guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.
- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers.
- m. They are the image builders of the enterprise because they are in direct contact with the workers.

### Q.4 Discuss briefly the Skills and Roles of a Manager?

Ans:

#### MANAGERIAL SKILLS

Managers at every level in the management hierarchy must exercise three basic types of skills: technical, human, and conceptual. All managers must acquire these skills in varying proportions, although the importance of each category of skill changes at different management levels.



### Skill Distribution at Various Management Levels

Technical skills:

- Technical skills refer to the ability and knowledge in using the equipment, techniques and procedure involved in performing specific tasks.
- These skills require specialized knowledge and proficiency in the mechanics of a particular.
- Technical skills lose relative importance at higher levels of the management hierarchy, but most top executives started out as technical experts.

Human skills:

- Human skills refer to the ability of a manager to work effectively with other people both as individual and as members of a group.
- Human skills are concerned with understanding of people.
- These are required to win cooperation of others and to build effective work teams.

Conceptual skills:

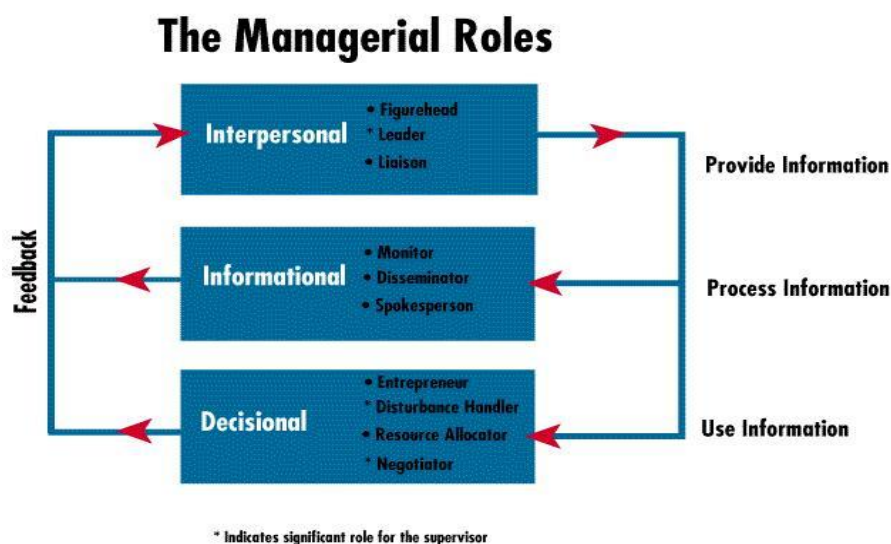
- Conceptual skills involve the ability to see the whole organization and the interrelationships between its parts.
- These skills refer to the ability to visualize the entire picture or to consider a situation in its totality.
- These skills help the managers to analyze the environment and to identify the opportunities.
- Conceptual skills are especially important for top-level managers, who must develop long-range plans for the future direction of their organization.

## MANAGERIAL ROLES

To meet the many demands of performing their functions, managers assume multiple roles. A role is an organized set of behaviors. Henry Mintzberg has identified ten roles common to the work of all managers.

The ten roles are divided into three groups:

- Interpersonal
- Informational
- Decisional



## 1. Interpersonal Roles

The interpersonal roles link all managerial work together. The three interpersonal roles are primarily concerned with interpersonal relationships.

- **Figurehead Role:** The manager represents the organization in all matters of formality. The top level manager represents the company legally and socially to those outside of the organization. The supervisor represents the work group to higher management and higher management to the work group.
- **Liaison Role:** The manager interacts with peers and people outside the organization. The top level manager uses the liaison role to gain favors and information, while the supervisor uses it to maintain the routine flow of work.
- **The leader Role:** It defines the relationships between the manager and employees.

## 2. Informational Roles

The informational roles ensure that information is provided. The three informational roles are primarily concerned with the information aspects of managerial work.

- **Monitor Role:** The manager receives and collects information about the operation of an enterprise.
- **Disseminator Role:** The manager transmits special information into the organization. The top level manager receives and transmits more information from people outside the organization than the supervisor.
- **Spokesperson Role:** The manager disseminates the organization's information into its environment. Thus, the top level manager is seen as an industry expert, while the supervisor is seen as a unit or departmental expert.

## 3. Decisional Roles

The decisional roles make significant use of the information and there are four decisional roles.

- **Entrepreneur Role:** The manager initiates change, new projects; identify new ideas, delegate idea responsibility to others.
- **Disturbance Handler Role:** The manager deals with threats to the organization. The manager takes corrective action during disputes or crises; resolve conflicts among subordinates; adapt to environmental crisis.
- **Resource Allocator Role:** The manager decides who gets resources; schedule, budget set priorities and chooses where the organization will apply its efforts.
- **Negotiator Role:** The manager negotiates on behalf of the organization. The top level manager makes the decisions about the organization as a whole, while the supervisor makes decisions about his or her particular work unit.

## Q.5 Explain the Management Process along with its elements involved?

**Ans:**

Management process is a continuous one and is run by the managers functioning at different levels. Management is now recognised as a distinct process in which managers plan, organise, lead, motivate and control human efforts in order to achieve well defined goals.

According to Gemp R. Terry, "Management is a distinct process consisting of planning, organising, actuating, and controlling, performed to determine and accomplish objectives by the use of people and other resources".

The essential elements/components of Management Process are four.

- Planning
- Organising
- Directing and
- Controlling.

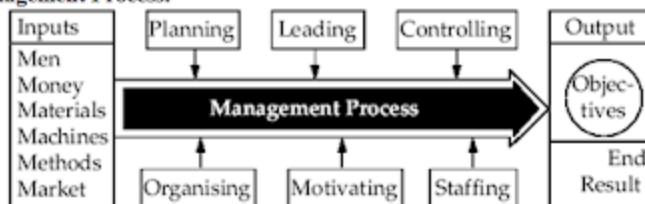
We may add some more elements in the management process. Such elements are:-

- Motivating
- Co-coordinating
- Staffing and
- Communicating.

The elements in the management process are actually the basic functions of management these functions constitute the management process in practice. Management process is in fact, management in practice. This process suggests what a manager is supposed to, do or the basic functions that he has to perform while managing the job assigned to him.

The following figures show the management process and the elements involved:

**(A) Management Process:**



**(B) Elements of Management Process (Functions of Management):**





## **Q.6 Discuss the various School of Management Thoughts?**

**Ans:**

Management thought is classified into 6 "schools of management theory ."

- 1 . The classical school
2. The Human Relations School
3. The Decision Theory School
4. The Management Science School
5. The Systems Theory School
6. The Contingency Theory School

### **1. THE CLASSICAL SCHOOL :**

The twentieth century witnessed tremendous management theory ferment and activity. Efforts were taking place for the development of a comprehensive management theory.

Traditional or classical management school of theory is a result of such efforts. Henri Fayol (1841-1925) is widely acclaimed as the founder of the Classical management school.

Classical Management Theory concentrates on efficiency and has three distinct branches :

1. Scientific Management,
2. Bureaucratic Management, and
3. Management process school / Administrative management .

It envisages a pyramid hierarchical structure, autocratic management, clear chain of command and short spans of control.

#### **1. SCIENTIFIC MANAGEMENT :**

DEVELOPED BY : Frederick Winslow Taylor (1856-1915) known as the "father of scientific management".

Taylor began work at the age of 18 as a machinist apprentice to a pattern-maker. He later joined the Midvale Steel Company as a laborer and became chief engineer in eight years. During his period at the steel mill Taylor performed comprehensive experiments on worker productivity and tested what he called the "task system," later developed into the Taylor System and eventually progressed into scientific management.

#### **2. BUREAUCRATIC MANAGEMENT :**

Max Weber (1864-1920) propounded the bureaucratic theory of organization and management , which has influenced the modern thinking of these areas.

Bureaucracy refers to " certain characteristics of organizational design . "

Weber viewed bureaucracy as " the most efficient form that could be used most effectively for complex organizations - business , government , military , for example - arising out of the needs of modern society ."

According to Weber the major characteristics of bureaucracy are:

1. A well defined hierarchy :All positions within a bureaucracy are structured in a way permitting the higher positions to supervise and control the lower positions.
2. Division of labor and specialization is done .
- 3.All organizational activities are streamlined in a way that standard operating procedures are developed to provide certainty and facilitate coordination.
4. Impersonal relationships between managers and employees so that the managers will be free to take rational decisions rather than one influenced by favoritism and personal prejudice.
5. Competence is the basis for all decisions made in hiring, job assignments, and promotions. This would encourage ability and merit as the most important characteristics of a bureaucratic organization.
6. Records :Weber felt it is absolutely essential for a bureaucracy to maintain complete files regarding all its activities. This necessitates an accurate organizational "memory" where accurate and complete documents will be available concerning all bureaucratic actions and decisions.

#### ADVANTAGE OF BUREAUCRACY :

Precision , Speed , Unambiguity , knowledge of the files , continuity , discretion , unity , strict subordination , reduction of friction and of material costs are raised to optimum point .

#### DISADVANTAGE OF BUREAUCRACY :

Red tape , Rigidity and neglect of human factor .

#### ADVANTAGES OF CLASSICAL THEORIES :

1. The classical management structure is a clear organizational hierarchy with three distinct management levels. Each management group has its own objectives and responsibilities.
2. Division of labor :Projects are broken down into smaller tasks that are easy to complete. Employees' responsibilities and expectations are clearly defined.
3. The autocratic leadership approach is the central part and advantage of classical management theory. It states that an organization should have a single leader to make decisions, to organize and direct the employees.

#### LIMITATIONS OF CLASSICAL THEORIES :

1. They view organization as a machine subject to certain immutable laws .
2. They assume that employees can be motivated by financial incentives alone , and ignore their social and psychological needs .
3. They are based on the assumption that productivity is the only criterion of efficiency .
4. The overall approach is mechanistic .

### *3. MANAGEMENT PROCESS SCHOOL / ADMINISTRATIVE MANAGEMENT :*

DEVELOPED BY : HENRI FAYOL and other scholars who contributed to it : Mooney and Reiley , Urwick and Gullick .

Fayol contributed 5 functions of management : Planning , Organising , Commanding , Coordination and Control .

He also developed 14 principles of management .

### **2. THE HUMAN RELATION SCHOOL :**

DEVELOPED BY :The famous Hawthorne studies formed the basis of the human relations school, and are described by Roethlisberger and Dickson (1939) and Mayo (1945) and Homans (1950).

FEATURES /PROPOSITIONS :

1. It may be termed as neo-classical rather than modern because it follows the theoretical form of the classical theory and emphasises the human dimension of management as a counter point against the impersonality of classical theory.

2. It is a behavioral approach to management .

3.Employee behavior depends primarily on the social and organisational circumstances of work .

4.Leadership style, group cohesion and job satisfaction are major determinants of the outputs of the working group.

Employees work better if they are given a wide range of tasks to complete.

5.Standards set internally by a working group influence employee attitudes and perspectives more than standards set by management.

6. Informal Group Processes :The Hawthorne studies led to more study on the importance of informal group processes in organizations. Social psychologists like Maier (1952) and Katz (1951) and sociologists like Homans (1950) and Whyte (1959) were influential .

THE USEFULNESS OF THE HUMAN RELATIONS APPROACH :

The school explicitly recognized the role of interpersonal relations in determining workplace behaviour, and it demonstrated that factors other than pay can motivate workers.

CRITICISM OF HUMAN RELATIONS SCHOOL:

1. The approach possibly overestimates the commitment, motivation and desire to participate in decision making of many employees.

2. Its protagonists worked within the ground rules laid down by the classical theory . They primarily tried to fit in the realities of human behaviour as they saw them .

### **3. THE DECISION THEORY SCHOOL :**

DEVELOPED BY : Simon

FEATURES :

1. Management is essentially decision-making process.
2. Members of the organization are decision-makers and problems solvers.
3. Organization can be treated as a combination of various decision centres. The level and importance of organization members are determined on the basis of importance of decisions, which they make.
4. Quality of decision affects the organization effectiveness.

USES :

1. It demonstrates how managers can discharge their functions effectively and for this approach it provides various tools.
2. Decision theorists have grappled with decisions pertaining to diagnosis and the resulting prescriptions for improving communication, incentives, reactions of the individuals to group and analysis of human values write stated objectives.
3. All factors affecting decision-making are the subject matter of study of management. Besides processes and techniques in decision making factors affecting decisions are information systems, social and psychological aspects of decision-makers.

LIMITATIONS :

1. This approach does not take the total view of management. Decision-making is vital in every school of management. This vital aspect cannot be denied but management is more than mere decision-making.

### **4. THE MANAGEMENT SCIENCE SCHOOL :**

It is also known as Mathematical or Quantitative Measurement Approach .

FEATURES :

1. Management is regarded as "a system of mathematical models and processes" and problem-solving mechanism with the help of mathematical tools and techniques.
2. Management problems can be described in terms of mathematical symbols and data. Thus every managerial activity can be quantified.
3. This approach covers decision-making, systems analysis and some aspects of human behaviour.
4. Operations research, mathematical tools, simulation, models etc. are the basic methodologies to solve managerial problems.

## USES :

- 1.It has contributed significantly in developing orderly thinking in management which has provided exactness in management discipline.
- 2.Various Mathematical tools like sampling, linear programming, games theory, time series analysis, simulation, waiting line theory etc. have provided more exactness in solving managerial problems.
3. This approach is a fast developing area in analysing and understanding management.

## LIMITATIONS :

- 1.It is very difficult to call a separate school of management because it does not provide the answer for total managerial problems.
- 2.Manual activities are not really capable of being quantified because of involvement of human beings who are governed by many irrational factors also.
3. More expertise and technical skills are required to formulate mathematical models .

## 5. THE SYSTEMS THEORY SCHOOL :

DEVELOPED BY : Ludwig Von Bertalanffy , Lawrence J. Henderson , W.G Scott , Daniel Katz , Robert L. Kahn , W . Buckley and J. D Thompson.

System is defined as “An organized or complex whole; an assemblage or combination of things or parts forming a complex unitary whole.”

This theory viewed organisation as an organic and open system , which is composed of interacting and interdependent parts ,called subsystems.

### FEATURES-

#### 1. ORGANISATION AS AN OPEN AND ORGANIC SYSTEM -

##### OPEN SYSTEM-

Organisations are open as they are in continuous interactional relationship with other systems .Businesses depend on employees, suppliers, customers and even the competition for research, development and profit.

Because the business doesn't have control of all the environmental forces, it relies on predictions and contingencies to cope with unexpected input.

For example, an influenza epidemic can affect suppliers, personnel and even customers, causing lost production and lost profit.

##### ORGANIC SYSTEM-

Organisations are also organic or living systems as they must satisfy 3 conditions :

1. STABLE : Organisation should be stable in the sense that its various parts should be in balance with one another .
2. GROWTH : Grow and mature like other living entities .

3. ADAPT TO ENVIRONMENTAL CHANGES : Organic organizations are designed to effectively deal with a rapidly changing environment because they have attributes that make them able to address unforeseen problems, issues and requirements.

## 2. PARTS OF SYSTEM :

As a system ,organisation is composed of number of subsystems-

1. PRODUCTION SUBSYSTEM -Process of conversion of inputs to final products .
2. SUPPORTIVE - Performs function of acquiring various inputs from the environment and marketing the final products in form of goods and services .
3. MAINTENANCE - Concerned with hiring , socilising , rewarding and punishing the employees .
4. ADAPTIVE- Crucial function of relating the organistaion with its environment .
5. MANAGERIAL - Performs planning , organising , directing , coordinating and controlling functions .
6. INDIVIDUAL AS GROUP .
7. INFORMAL GROUP AS SUBSYSTEM .

## 3. INTRA- SUBSYSTEM INTERACTION:

Each of the subsystems or parts of the organisation is in itself a system made up of its unique subsystems or parts .

Example -Managerial subsystem is composed of managers , objectives , policies , rules etc.

## 4. INTER- SUBSYSTEM INTERACTION:

All the parts of an organisation are also in an interactional and interdependent relationship with each other.

Example - Production subssystem interacts with , and is dependent on supportive subsystem for procurement of materials , sale of its products and institutional relations .

## 5. INTERACTION WITH SUPER SYSTEMS :

Organisations interact with its environment composed of numerous systems like society , cultural and social norms .

## 6.LINKAGES :

The various parts of an organisation are linked with one another through its communication network , decisions , authority - responsibility etc .

## 7.SYSTEM GOALS :

Every organisation has numerous goals : Profit , survival , growth etc .

## LIMITATIONS :

It is considered as an Abstract Approach and Lack of Universality in it.

## 6. THE CONTINGENCY THEORY SCHOOL:

It is the most recent development in the field of management. This attempts to integrate all the management approaches developed in 1970's .

It builds on major premises of the systems theory that organizations are organic and open systems , and there is a relationship of interdependence between an organisation and its environment , as well as within and between its various subsystems .

### FEATURES :

1. Management action is contingent on certain action outside the system or subsystem as the case may be.
2. Organizational action should be based on the behaviour of action outside the system so that organization should be integrated with the environment .
3. Because of the specific organization – environment relationship, no action can be universal.
4. The contingency approach rejects the universality of management thesis. It emphasises that there is no one best way to design organisations and manage them .
5. Management is situational .

### LIMITATIONS :

- Inadequate literature.
- Complex
- Difficult empirical testing
- Reactive not Proactive.

## Q.7 Explain the different types of business organization with its merits and demerits?

### Ans:

It is important to understand the different types of business organizations types such as a sole proprietorship, partnership, and corporation. A business's organizational structure influences issues, legal issues, financial concerns, and personal concerns.

**A Sole Proprietorship** is a business with one owner who operates the business on his or her own or employ employees. It is the simplest and the most numerous form of business organization in the United States, however it is dangerous as the sole proprietor has total and unlimited liability. Self contractor is one example of a sole proprietorship.

#### Advantages of a sole proprietorship

1. Simplest and least expensive form of business to establish and to dissolve.
2. The owner is making all the decisions and controlling the whole operations.
3. All profit flows directly to the owner.
4. It is subject to fewer regulations.
5. It has tax advantage: any income is declared as the owner's personal income tax return, therefore there are no corporate income taxes.

#### Disadvantages of a sole proprietorship

1. The owner is responsible for all the obligations of the business.
2. It is difficult to raise capital: it can only use the owner's personal saving and consumer loans.

A **Partnership** is a business with two or more individuals owns and manages the business. Partners share the unlimited liabilities of the business and operate the business together. There are three classification of partnerships: general partnership (partner divide responsibility, liability and profit or loss according to their agreement), limited partnership (in additional at least one general partner, there are one or more limited partner who have limited liability to the extent of their investment), and limited liability partnership (all of the partners have limited liability of the business debts; it has no general partners).

Advantages of a partnership

1. It is relatively easy to form but considerable amount of time should be invested in developing the partnership agreement.
2. It is easier to raise capital compared to a sole proprietorship as there are more than one investor.
3. Any income is declared as the partners' personal income tax returns, therefore there are no corporate income taxes.
4. Employees may be motivated and attracted to the business by the incentive to become a partner

Disadvantages of a partnership

1. Partners are jointly responsible for all the obligations of the business.
2. Partners must make decision together therefore disputes or conflicts may occur. It may eventually lead to dissolving the partnership.

A **corporation** is a limited liability entity doing business owned by multiple shareholders and is overseen by a board of directors elected by the shareholders. It is distinct from its owners and can borrow money, enter into contracts, pay taxes and be sued. The shareholders gain from the profit through dividend or appreciation of the stocks but are not responsible for the company's debts.

Advantages of a corporation

1. It can raise additional funds through the sale of stock.
2. Shareholders can easily transfer the ownership by selling their stock.
3. Individual owner' liability is limited to the value of stock they are holding in the corporation.

Disadvantages of a corporation

1. It is restricted by more regulations, more closely monitored by governmental agencies and are more costly to incorporate than other forms of the organizations.
2. Profit of the business is taxed by the corporate tax rate. Dividends paid to shareholders are not deductible from corporate income, so this part of income is taxed twice as the shareholders must declare dividends as their personal income and pay personal income taxes too.

**Q.8 What do you mean by Public Corporation? State its Features. Also give its merits and demerits.**

**Ans:**

**Meaning of Public Corporation:**

A public corporation is that form of public enterprise which is created as an autonomous unit, by a special Act of the Parliament or the State Legislature. Since a public corporation is created by a Statute; it is also known as a statutory corporation.

Life Insurance Corporation of India, the Indian Airlines, the Air India International, Oil and Natural Gas Commission etc. are some examples of public corporations, in India



## **Features of Public Corporation:**

Following are the salient features of a public corporation:

- (i) **Special Statute:** A public corporation is created by a special Act of the Parliament or the State Legislature. The Act defines its powers, objectives, functions and relations with the ministry and the Parliament (or State Legislature).
- (ii) **Separate Legal Entity:** A public corporation is a separate legal entity with perpetual succession and common seal. It has an existence, independent of the Government. It can own property; can make contracts and file suits, in its own name.
- (iii) **Capital Provided by the Government:** The capital of a public corporation is provided by the Government or by agencies controlled by the government. However, many public corporations have also begun to raise money from the capital market.
- (iv) **Financial Autonomy:** A public corporation enjoys financial autonomy. It prepares its own budget; and has authority to retain and utilize its earnings for its business.
- (v) **Management by Board of Directors:** Its management is vested in a Board of Directors, appointed or nominated by the Government. But there is no Governmental interference in the day-to-day working of the corporation.

## **Advantages of Public Corporation:**

Following are the advantages of a public corporation:

- (i) **Bold Management due to Operational Autonomy:** A public corporation enjoys internal operational autonomy; as it is free from Governmental control. It can, therefore, run in a business like manner. Management can take bold decisions involving experimentation in its lines of activities, taking advantage of business situations.
- (ii) **Legislative Control:** Affairs of a public corporation are subject to scrutiny by Committees of Parliament or State Legislature. The Press also keeps a watchful eye on the working of a public corporation. This keeps a check on the unhealthy practices on the part of the management of the public corporation.
- (iii) **Qualified and Contented Staff:** Public corporation offers attractive service conditions to its staff. As such it is able to attract qualified staff. Because of qualified and contented staff, industrial relations problems are not much severe. Staff has a motivation to work hard for the corporation.
- (iv) **Tailor-Made Statute:** The special Act, by which a public corporation is created, can be tailor-made to meet the specific needs of the public corporation; so that the corporation can function in the best manner to achieve its objectives.
- (v) **Not Affected by Political Changes:** Being a distinct legal entity, a public corporation is not much affected by political changes. It can maintain continuity of policy and operations.
- (vi) **Lesser Likelihood of Exploitation:** The Board of Directors of a public corporation consists of representatives of various interest groups like labour, consumers etc. nominated by the Government. As such, there is lesser likelihood of exploitation of any class of society, by the public corporation.

(vii) Reasonable Pricing Policy: A public corporation follows a reasonable pricing policy, based on cost-benefit analysis. Hence, public are generally satisfied with the provision of goods and services, by the public corporation.

### **Limitations Public Corporation:**

A public corporation suffers from the following limitations:

(i) Autonomy and Flexibility, Only in Theory: Autonomy and flexibility advantages of a public corporation exist only in theory. In practice, there is a lot of interference in the working of a public corporation by ministers, government officers and other politicians.

(ii) Misuse of Monopolistic Power: Public corporations often enjoy monopoly in their field of operation. As such, on the one hand they are indifferent to consumer needs and problems; and on the other hand, often do not hesitate to exploit consumers.

(iii) Rigid Constitution: The constitution of a public corporation is very rigid. It cannot be changed, without amending the Statute of its formation. Hence, a public corporation could not be flexible in its operations.

(iv) Low Managerial Efficiency: Quite often civil servants, who do not possess management knowledge and skills, are appointed by the government on the Board of Directors, of a public corporation. As such, managerial efficiency of public corporation is not as much as found in private business enterprises.

(v) Problem of Passing a Special Act: A public corporation cannot be formed without passing a special Act; which is a time consuming and difficult process. Hence, the scope for setting up public corporations is very restricted.