

# PRINCIPLES OF MANAGEMENT

TWO MARKS

## UNIT – I

### 1. Define Management.

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?

*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.

- Creative
- Individual approach
- Application and dedication
- Initiative and
- Intelligence.

The following features make it a science.

- Systematic decision making
- Universal management process
- Situational output and
- Universally accepted management.

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

- **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.**

Scientific management involves specific method of determination of facts through observation. The concept of scientific management was introduced by Frederick Winslow Taylor in the USA in the beginning of 20th century. It was further carried on by Frank and Lillian Gilbreth, Henry Gantt, etc. It was concerned essentially with improving the operational efficiency at the shop floor level. “Scientific Management is concerned with knowing exactly what you want men to do and then see in that they do it best and cheapest way”.

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

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
- Time study
- Motion study
- Fatigue study
- Standardization
- Scientific selection of training
- Financial incentives and
- Economy and mental revolution.

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

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. Functions of management**

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

### **8. Management level and functions.**

- 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

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

### ***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. The negotiator role

## **10. Define 'Sole proprietorship'.**

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'?**

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’?**

“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?**

**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?**

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?**

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?**

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?**

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?**

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.

## **UNIT: 2**

### **2 Marks**

#### **1. What is planning?**

Planning is a process of selecting the objectives & determining the course of action required to achieve these objectives. (Or) Planning involves selecting missions and the objectives and the actions to achieve them. It ends with decision making, which is choosing the best alternative from the available future courses of action.

**EG:** The goal set for limited period like five year plans

#### **2. Important observations subjected about planning?**

- a) Planning is obtaining a future course of action in order to achieve an objective.
- b) Planning is looking ahead.
- c) Planning is getting ready to do something tomorrow.
- d) Plan is a trap laid down to capture the future.

### **3. Define mission and vision?**

**Mission** may be defined as a statement which defines the role that an organization plays in the society. **EG:** Canara Bank “Good People to Grow With”.

A **vision** statement indicates how the organization should be, after a particular time period.

### **4. Define policies?**

Policies are general statements or understandings which provide guidance in decision-making to various managers.

### **5. Defining planning premises?**

Planning premises are defined as the anticipated environment in which plans are expected to operate. They include assumptions or forecasts of the future & known conditions that will affect the operation of plans.

### **6. Explain in brief about the two approaches in which the hierarchy of objectives can be explained?**

There are two approaches in which the hierarchy can be explained.

1. top-down approach
2. bottom-up approach

In the top-down approach, the total organization is directed through corporate objectives provided by the top-level management. In the bottom-up approach, the top-level management needs to have information from lower levels in the form of objectives.

### **7. Definitions of MBO:**

**KOONTZ & WEIHRICH:** Management by objectives (MBO) is defined as a comprehensive managerial system that integrates many key managerial activities in a systematic manner and that is consciously directed towards the effective and efficient achievement of organizational and individual objectives.

(OR)

“MBO is a process whereby the superiors and the subordinate managers of an enterprise jointly identify its common goals, define each individual major area of responsibility in terms of results

expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members.” - **GEORGE ODIORNE**

### **8. Define strategy?**

A strategy may be defined as special type of plan prepared for meeting the challenges posted by the activities of competitors and other environment forces.

### **9. Steps involved in strategic planning:**

1. Mission and objectives.
2. Environmental analysis
3. Corporate analysis
4. Identification of alternatives.
5. Strategic decision making
6. Implementations review & control.

### **10. Name the classification of planning premises?**

1. Internal and external
2. Tangible and intangible premises.
3. Controllable and uncontrollable premises

### **11. Define Decision Making**

Decision Making is defined as selection of a course of action from among alternatives. It is a core of planning. A plan cannot be said to exist unless a decision – a commitment of resources, direction or reputation has been made. Until that point, there is only planning studies and analysis.

### **12. What are the three approaches in selecting an alternative?**

1. Experience
2. Experimentation
3. Research and Analysis

***Experience:***

Relying on past experience, the choice among alternatives is selected to avoid mistakes.

***Experimentation:***

A firm may test a new product in a certain market before expanding its sale nationwide.

***Research and Analysis:***

The trend in research and analysis is simulation i.e. to develop mathematical tools.

**13. What is TOWS metrics?**

The TOWS metrics is a conceptual frame work for a systematic analysis, which facilitates matching the external threats and opportunities with the internal weakness & strength of the organization. In the TOWS metrics 'T' stands for threat's' stands for opportunities 'W' for weakness and 'S' for strength.

**14. FORECASTING:**

Forecasting is the process of predicting future conditions that will influence and guide the activities, behavior and performance of the organization. **EG:** forecasting the output by sales department.

**UNIT 3**

**2 marks**

**1. Define Organization.**

An identified group of people contributing their efforts towards the attainment of goals is called an organization. Organization is the process of establishing relationships among the members of the enterprise.

**2. What is the purpose of Organization?**

- Facilitates Administration
- Increases the efficiency management
- Stimulates creativity and innovation
- Facilitates co-ordination and communication.

### **3. What is organizing?**

Organizing refers to the formal grouping of people and activities facilitate achievement of the firm's objectives. **Organizing** may be defined as the process of

- i) Identifying and classifying the required activities **i.e. Job Design**
- ii) Grouping the work to be performed **i.e., Departmentation**
- iii) Defining and delegating responsibility and authority **i.e. Delegation of authority**
- iv) Span of Control

### **4. What is Job design?**

Job design is usually broad enough to accommodate people's needs and desires. It may be especially appropriate to design jobs for exceptional persons in order to utilize their potential. People spend a great deal of time on the job and it is therefore important to design jobs so that individuals feel good about their work.

Two important goals of job design are:-

- To meet the organizational requirements such as higher productivity, operational efficiency, quality of products/service etc.
- To satisfy the needs of the individual employees like interests, challenge, achievement etc.

### **5. What is Organisation Structure?**

In organisation structure simply by means the systematic arrangement of people working for the organisation. The organisation is concerned with establishment of positions and relationship between positions. The organisation structure has two dimensions. 1. Horizontal 2. Vertical

### **6. What is an Organizational chart?**

According to George Terry, "Organizational chart is a diagrammatical form, which shows the important aspects of an organization including the major functions and their respective relationships, the channels of supervision, and the relative authority of each employee who is in charge of each respective function". It is a representation of the framework or structure of an organization. It may be a vertical or top-down chart, horizontal or left to right chart and circle or concentric chart.

## **7. Uses of Organisation Chart**

1. The organisation chart pinpoints the weakness of an organisation. This will help to overcome the short coming of organisation.
2. It tells quickly who is responsible for particular function.
3. It is useful in showing nature of an organisation and changes if any in the existing staff and new comers.

## **8. Distinguish between authority and power**

Power is the ability of individuals or groups to induce or influence the beliefs or actions of other persons or groups. Authority in organisation is the right in a position to exercise discretion in making decisions and affecting others.

## **9. What are the different bases of power?**

1. Legitimate Power
2. Referent Power
3. Reward Power
4. Coercive Power

## **10. Functional Authority**

It is the right which is delegated to an individual or a department to control specified processes practices, policies or other matters relating to activities, undertaken by persons in other departments.

## **11. Formal Organization**

The structure of jobs and positions with clearly defined functions and relationship as prescribed by the top management and bound by rules, systems and procedures.

## **12. Informal Organization**

A network of interpersonal relationships that arise when people associate with each other.

### **13. Departmentation**

The organizational process of determining how activities are to be grouped is called departmentation. (or)

Departmentation is a means of dividing the large and complex organization into smaller, flexible administrative units.

### **14. Empowerment**

Empowerment means that employees, managers or teams at all levels in the organization are given the power to make decision without asking their superiors for permission.

### **15. Decentralization**

The tendency to disperse decision making authority in an organized structure.

### **16. What do you mean by a strategy?**

Strategy is defined as the determination of long-term objectives of an organisation. Making the best choices for the future and allocating the resources necessary to accomplish the objectives.

### **17. What is decision making?**

Decision making is defined as the selection of a course of action among alternative courses of action. Decision making should be rational. Decision making involves a choice among alternatives.

### **18. What is the purpose of planning?**

- a. To determine the direction of an organisation
- b. To provide a basis for team work
- c. To minimise wastages in the future
- d. To facilitate decision making
- e. To improve morale of the employees.

**19. State the importance of HRM?**

1. To achieve competitive advantage over other organisation.
2. To improve the efficiency of the organisation.
3. For the fuller utilization of available resources.
4. Cost effective administration.

**20. State the importance of staffing:-**

1. It helps to make use of the Organisational resources.
2. It provides effective and efficient personals to the organisation.
3. Helps to discover talented and competent persons.
4. Helps to ensure uninterrupted flow of business.

**21. What is Human resource Management?**

Planning and executing all those activities are associated with recruitment, selection, training, and Performance appraisal and career development in known as human resource management.

**21. What is span of control?**

Span of control tells the ratio between superiors and subordinates. Usually organizations are having two different types of spans. They are

1. Wide Span
2. Narrow span

## UNIT 4

### **1. Define Direction.**

Direction may be defined as the process of instructing, guiding and inspiring human factors in the organization to achieve organization objectives.

### **2. State two important characteristics of Directing.**

Any two characteristics of Directing are:

- Directing is an important managerial function through which the management initiates actions in the organisation.
- It is a continuous process and it continues throughout the life of the Organization.

### **3. Mention the importance of Leadership**

1. Motivating Employees
2. Leader develops team work
3. Better utilization of manpower
4. Creating confidence to followers
5. Directing group activities
6. Building morale
7. Maintaining discipline

### **4. Name the various leadership styles.**

1. Autocratic or Dictatorial leadership
2. Participative or Democratic leadership
3. Laissez – faire or Free – rein leadership

### **5. What are the advantages of democratic leadership?**

1. The subordinates are motivated by participation in decision – making process. This will also increase job satisfaction
2. Absence of leader does not affect output

3. Labour absenteeism and turn – over will be minimum
4. The quality of decision is improved
5. The leader multiplies his abilities through the contribution of his followers

#### **6. What is Laissez – faire?**

Complete freedom is given to the subordinates so that they plan, motivate, control and otherwise be responsible for their own actions.

#### **7. List out the human factors in managing.**

The Human factors in managing include:

- Multiplicity of roles
- Individuality and
- Personal dignity.

#### **8. Define creativity.**

Creativity is defined as the ability to produce new and useful ideas through the combination of known principles and components in novel and non-obvious ways. Creativity exists throughout the population largely independent of age, sex and education.

#### **9. What are the steps involved in creative process?**

Creativity is defined as the ability to produce new and useful ideas through the combination of known principles and components in novel and non-obvious ways. The steps involved in creative process are:

- Saturation
- Preparation
- Frustration and incubation
- Inspiration or illumination
- Verification

### **10. How are problems solved by creative tool?**

Creativity tools are designed to help you devise creative and imaginative solutions to problems.

Creativity tools are designed to help you devise creative and imaginative solutions to problems.

### **11. What is a SCAMPER tool?**

SCAMPER is a checklist that helps us to think of changes where

S - Substitute

C - Combine

A - Adapt

M - Modify

P - Put to another use

E - Eliminate and

R - Reverse.

### **12. What is meant by reframing matrix?**

Reframing matrix is a simple technique that helps to look at business problems from a number of different viewpoints. The approach relies on the fact that different people with different experience approach problems in different experience approach in different ways.

### **13. What are the steps involved in simplex tool?**

Simplex tool is an industrial-strength creativity tool. The steps involved in simplex tool are:-

- Problem finding
- Fact finding
- Problem definition
- Idea finding
- Selection and evaluation
- Planning
- Sell data and
- Action.

#### **14. Differentiate Innovation and Invention.**

Innovation means the use of creative ideas. It is not only relevant to high-tech enterprises but also crucial for old-line, traditional companies, which may not survive without the infusion of innovation.

Ex: A new product or a service.

Invention means really finding new things that are not already available. It is mostly applicable in the field of science.

Ex: Invention of radio.

#### **15. How can be harmonizing objectives achieved?**

Harmonizing objectives can be achieved through:

- Mutual trust
- Cooperation and understanding and
- Workers participation in management.

#### **16. Define Multiplicity of Roles.**

Individuals are not only the productive factor in management Plans. They are members of social system of many organizations.

#### **17. Mention the various factors involved in using motivational techniques:**

1. Money
2. Reward : intrinsic and extrinsic
3. Participation
4. Quality of working life

#### **18. What is job enrichment?**

Building into jobs a higher sense of challenge and achievement. (or)

Job enrichment is therefore based on the assumption that in order to motivate personnel, the job itself must provide opportunities for the achievement, recognition, responsibility, advancement and growth

### **19. What are the limitations of job enrichment?**

1. Job enrichment is based on the assumption that workers want more responsibility. But, in practice, most of the workers may prefer less responsible jobs with good social interaction. Such workers may show feelings of inadequacy and fear of failure to job enrichment.
2. Some jobs cannot be enriched beyond a certain point.

### **20. Give the required guidelines to make effective job enrichment.**

1. Use job enrichment selectively after taking into account situational variables such as job characteristics, personal characteristics of employees, Organisational level etc.
2. Provide a supportive climate for innovation and change.

### **21. Define Leadership**

Leadership is the process of influencing the behavior of others towards the accomplishment of goals in a given situation.

Leadership is the ability to influence others and enthusiastically making them to achieve the desired results.

### **22. What is Communication?**

Communication is passing of information from one person to another person with understandable manner.

### **23. Mention the various elements in the process of communication**

1. Sender
2. Communication Channels
3. Symbols
4. Receiver
5. Noise and feedback in communication

## **24. List the different types of communication flow**

1. Downward Communication
2. Upward communication
3. Horizontal or Lateral Communication

## **25. Explain the creative process?**

**Creativity:** Creativity is the ability to create large number of ideas quickly. Creative process has interacting and over lapping phase. It has four phases:

- Unconscious Scanning
- Intuition
- Insight
- Logical Formulation

**Unconscious Scanning:** A condition beyond consciousness.

**Intuition:** It connects unconscious with conscious

**Insight:** It is the result of hard work

**Logical Formulation:** referred to as verification

### **Techniques to enhance creativity:**

The following are the techniques to enhance Creativity:

1. **Brainstorming** – Technique used for problem solving by using new methods
2. **Synectics** – In this technique group members are selected according to problem of organization. Then a group leader chose who plays a vital role in this process.

## **26. What is brainstorming?**

This kind of training is given to increase people's creativity and decisional ability. These types of training individual participants are encouraged to give their own ideas to resolve the existing problem.

## UNIT 5

### **1. What is Feed Forward Control?**

Feed Forward Control involves evaluation of input and corrective measures before a particular sequence of operation is completed. It is based on timely and accurate information about changes in the environment.

### **2. What is Concurrent Control?**

Concurrent Control is also known as "real-time" or steering" control. It provides for taking corrective actions or making adjustments while the programmes is still in operation and before any major damage occurs.

### **3. List out the important features of controlling?**

- a) Function of Management.
- b) Continuous function
- c) Future -oriented and
- d) Action-oriented.

### **4. What is Flexible Budget?**

Flexible Budget is one which is designed to change in accordance with the level of activity actually attained. It is suitable when the estimation of demand is uncertain and the enterprise works under conditions of lack of material and labor power.

### **5. What are the benefits of control?**

- 1. Control eliminates actions which deviate or which is not in conformity with the cherished goals of the firm.
- 2. It offers enough information for future planning and Organising.

### **6. List out the characteristics of Control function?**

- 1) Functional Management
- 2) Continuous function

- 3) Future-oriented
- 4) Action-oriented
- 5) Measuring the performance and
- 6) Planning the control

**7. What are the basic steps involved in the process of controlling?**

- 1 establishment of standards
- 2 measurement of performance
- 3 comparing performance with the slandered
- 4 taking corrective action

**8. What is performance Appraisal?**

Performance appraisal is the system of measuring Employee performance and giving feedback to the employee regarding his performance.

**9. What are the advantages of performance Appraisal?**

1. Getting performance Feedback
2. Identifying training needs
3. Motivating Personnel
4. Promotional consideration
5. Pay fixation.

**10. Define control.**

According to Koontz “Controlling to the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are accomplished”.

**11. What are the characteristics of control?**

- \_ Control process is universal
- \_ Control is continuous process
- \_ Control is action based
- \_ Control is forward looking.

**12. What are the disadvantages of control?**

- \_ Control is expensive and time-consuming process.
- \_ Human behaviour and employee morale also cannot be measured.

**13. Give some critical point standards of control?**

- \_ Cost standards
- \_ Revenue standards
- \_ Goals standards
- \_ Program standards.

**14. What are the types of control?**

- \_ Feedback control
- \_ Concurrent control
- \_ Feed forward control

**15. What is feedback control?**

Feedback control is the process of adjusting future action on basis of information about past performance.

**16. What are the requirements for effective control?**

- \_ The control should be economical
- \_ It must be simple
- \_ It should be flexible
- \_ It should be clear objectives

**17. What are the modern techniques of control?**

- \_ Management audit
- \_ Return on investment
- \_ PERT and CPM

### **18. Define budgetary control?**

According to J.Batty “a system which uses budgets as a means of planning and controlling all aspects of producing and or selling commodities and services”.

### **19. Define budget?**

According to J. Fred Meston “a budget is the expression of a firms plan in financial form for a period of time in to the future”.

### **20. What are the limitations of Budgeting?**

- \_ Inaccuracy
- \_ Expenditure
- \_ Distortion of goals

### **21. What is Zero Base Budgets?**

Initially the budget is designed from a Zero base the main element is ZBB is future objective orientation.

### **22. What are the steps involves in ZBB?**

- \_ Decision package
- \_ Ranking
- \_ Allocation of resources

### **23. What is Internal Audit?**

Internal audit is done by an internal auditor who is an employee of the organisation. He examines the objectives, policies, plans, procedures and performance of the management.

### **24. Define MIS**

A system of obtaining abstracting, storing and analysing data to productions information for use in planning, controlling and decision making by managers at the time they can most effectively use it”

**25. What are MIS Resources?**

- \_ To provide the information up to date
- \_ To take effective decision making
- \_ To provide the right information available in the right form at the right time

**26. Define Productivity**

Productivity is a measure of how much input is required to produce a given output the ratio is called productivity.

**27. What are the factors affecting productivity?**

- \_ Technology
- \_ Human resources
- \_ Government policy
- \_ Machinery and equipment
- \_ Skill of the worker

**28. Define Multinational Corporations.**

An enterprise which own or control production or service facilities outside the country in which they are based.

**29. Write some advantages of MNC.**

- \_ MNC can promote quality product at lower cost.
- \_ MNC leads to increase in production aggregate employment, exports and imports of the required inputs.
- \_ MNC is paying taxes their operations increase government revenues.

**30. What are global theory of management?**

- \_ Situational and contingency approach.
- \_ Motivation and leadership theory.
- \_ Organisational behaviour.

**31. Write some characteristics of Japanese management.**

- \_ Japanese management prefer to human resources than it financialresources.
- \_ Japanese management favours job security.
- \_ Japanese are more favour to cooperation and teamwork.
- \_ Japanese management encourage the lower level employees' participation.

**32. Write some limitations of Japanese management.**

- \_ Decision making process is time-consuming process.
- \_ Promotion policy is not encourage outstanding younger employee.

**33. Write some characteristics of German management.**

- \_ German management is autocratic.
- \_ Labour suggestions also accepted.
- \_ Managerial decisions are taken by the executive committee consultation with labour direction.