**Rajasthan Institute of Engineering & Technology, Jaipur**

**University Roll No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1st Year MBA 1stSemester II Mid-Term Examination, October – 2018

Subject: -Fundamentals of management SET- A

Time: - 2 Hrs. [Maximum Marks: -20]

[Min. Passing Marks: 08]

Instructions to the Candidates:

Attempt any 4 questions from Section A and Section B is Compulsory.

**Section A**

1. **Explain the basic concept and objectives of management. (3)**

**Ans.** According to **Harold Koontz**,

"Management is the art of getting things done through and with people in formally organised groups."

According to **Theo Heimann**, management has three different meanings, viz.,

1. **Management as a Noun**: refers to a Group of Managers.
2. **Management as a Process**: refers to the Functions of Management i.e. Planning, Organizing, Directing, Controlling, etc.
3. **Management as a Discipline**: refers to the Subject of Management.

Management is an individual or a group of individuals that accept responsibilities to run an organization. They Plan, Organize, Direct and Control all the essential activities of the organization. Management does not do the work themselves. They motivate others to do the work and co-ordinate (i.e. bring together) all the work for achieving the objectives of the organization.

Management brings together all **Six Ms** i.e. Men and Women, Money, Machines, Materials, Methods and Markets. They use these resources for achieving the objectives of the organization such as high sales, maximum profits, [business](http://kalyan-city.blogspot.com/2011/03/what-is-business-meaning-definitions.html) expansion, etc.

**Q.2 What is the scope or branches of management? (3)**

### Ans. Scope or Branches of Management:

Management is an all pervasive function since it is required in all types of organized endeavor. Thus, its scope is very large.

**The following activities are covered under the scope of management:**

* (i) Planning,
* (ii) Organization
* (iii) Staffing.
* (iv) Directing,
* (v) Coordinating, and
* (vi) Controlling
* **The operational aspects of business management, called the branches of management, are as follows:**
* 1. Production Management
* 2. Marketing Management
* 3. Financial Management.
* 4. Personnel Management and
* 5. Office Management.

#### 1. Production Management:

Production means creation of utilities. This creation of utilities takes place when raw materials are converted into finished products. Production management, then, is that branch of management ‘which by scientific planning and regulation sets into motion that part of enterprise to which has been entrusted the task of actual translation of raw material into finished product.

#### 2. Marketing Management:

Marketing is a sum total of physical activities which are involved in the transfer of goods and services and which provide for their physical distribution. Marketing management refers to the planning, organizing, directing and controlling the activities of the persons working in the market division of a business enterprise with the aim of achieving the organization objectives.

#### 3. Financial Management:

Finance is viewed as one of the most important factors in every enterprise. Financial management is concerned with the managerial activities pertaining to the procurement and utilization of funds or finance for business purposes.

#### 4. Personnel Management:

Personnel Management is that phase of management which deals with the effective control and use of manpower. Effective management of human resources is one of the most crucial factors associated with the success of an enterprise. Personnel management is concerned with managerial and operative functions.

#### 5. Office Management:

The concept of management when applied to office is called ‘office management’. Office management is the technique of planning, coordinating and controlling office activities with a view to achieve common business objectives.

**Q.3 Differentiate between system and behavioral school of management? (3)**

**Ans.** System School of management thought:

This school is of recent origin having developed in the later 1960s. It is an integrated approach, which considers management in its totality based on empirical data. According to this approach, attention must be paid to the overall effectiveness of a subsystem in isolation from the other subsystems. The main emphasis is on the interdependence and inter-relatedness of the various subsystems, from the point of view of the effectiveness of a large system. Its essential features are as follows:

* A system has a number of subsystems, parts and subparts.
* All the subsystems, parts and subparts are mutually related to each other. A change in one part will affect the changes in other parts.
* The systems approach emphasizes on the study of the various parts in their interrelationships rather than in isolation from each other.

The systems approach to management brings out the complexity of a real life management problem much more sharply than any of the other approaches

Behavioral school of management:

This school takes note of the psychological factors causing a change in the human behavior in organized groups under a given situation. It is based upon the fact that management involves getting things done through people and therefore [management](https://www.managementstudyhq.com/span-of-management.html) must be centered on interpersonal relations.

**Q.4 Write a short note on F.W Taylor. (3)**

Ans. **Frederick W. Taylor**, in full **Frederick Winslow Taylor**, (born March 20, 1856, Philadelphia, Pennsylvania, U.S.—died March 21, 1915, Philadelphia), American inventor and engineer who is known as the father of scientific management. His [system of industrial management](https://www.britannica.com/science/Taylorism) has influenced the development of virtually every country enjoying the benefits of [modern industry](https://www.britannica.com/technology/industrial-engineering).

Under Taylor's management system, factories are managed through scientific methods rather than by use of the empirical "rule of thumb" so widely prevalent in the days of the late nineteenth century when F. W. Taylor devised his system and published "Scientific Management" in 1911.

The main elements of the Scientific Management are [1] : "Time studies Functional or specialized supervision Standardization of tools and implements Standardization of work methods Separate Planning function Management by exception principle The use of "slide-rules and similar time-saving devices" Instruction cards for workmen Task allocation and large bonus for successful performance The use of the 'differential rate' Mnemonic systems for classifying products and implements A routing system A modern costing system etc. etc. " Taylor called these elements "merely the elements or details of the mechanisms of management" He saw them as extensions of the four principles of management.

1. The development of a true science  
2.The scientific selection of the workman  
3.The scientific education and development of the workman  
4.Intimate and friendly cooperation between the management and the men.

# 5 Principles of Scientific Management: Propounded by Taylor

Principles of scientific management propounded by Taylor are: 1. Science, Not Rule of Thumb 2. Harmony, Not Discord 3.Mental Revolution 4.Cooperation, Not Individualism 5.Development of each and every person to his or her greatest efficiency and prosperity.

Q**.5. What are the contribution of Henry Fayol to the management? (3)**

Ans. ***HENRI FAYOL’S 14 Principles of Management***

Management Principles developed by Henri Fayol:

1. **DIVISION OF WORK**: Work should be divided among individuals and groups to ensure  that effort and attention are focused on special portions of the task. Fayol presented work specialization as the best way to use the human resources of the organization.
2. **AUTHORITY**: The concepts of Authority and responsibility are closely related. Authority was defined by Fayol as the right to give orders and the power to exact obedience. Responsibility involves being accountable, and is therefore naturally associated with authority. Whoever assumes authority also assumes responsibility.
3. **DISCIPLINE**: A successful organization requires the common effort of workers. Penalties should be applied judiciously to encourage this common effort.
4. **UNITY OF COMMAND**: Workers should receive orders from only one manager.
5. **UNITY OF DIRECTION**: The entire organization should be moving towards a common objective in a common direction.
6. **SUBORDINATION OF INDIVIDUAL INTERESTS TO THE GENERAL INTERESTS**: The interests of one person should not take priority over the interests of the organization as a whole.
7. **REMUNERATION**: Many variables, such as cost of living, supply of qualified personnel, general business conditions, and success of the business, should be considered in determining a worker’s rate of pay.
8. **CENTRALIZATION**: Fayol defined centralization as lowering the importance of the subordinate role. Decentralization is increasing the importance. The degree to which centralization or decentralization should be adopted depends on the specific organization in which the manager is working.
9. **SCALAR CHAIN**: Managers in hierarchies are part of a chain like authority scale. Each manager, from the first line supervisor to the president, possess certain amounts of authority. The President possesses the most authority; the first line supervisor the least. Lower level managers should always keep upper level managers informed of their work activities. The existence of a scalar chain and adherence to it are necessary if the organization is to be successful.
10. **ORDER:** For the sake of efficiency and coordination, all materials and people related to a specific kind of work should be treated as equally as possible.
11. **EQUITY**: All employees should be treated as equally as possible.
12. **STABILITY OF TENURE OF PERSONNEL**: Retaining productive employees should always be a high priority of management. Recruitment and Selection Costs, as well as increased product-reject rates are usually associated with hiring new workers.
13. **INITIATIVE**: Management should take steps to encourage worker initiative, which is defined as new or additional work activity undertaken through self direction.
14. **ESPIRIT DE CORPS**: Management should encourage harmony and general good feelings among employees.

**Q.6 Explain planning premises**. **(3)**

Ans. Planning is made for the future. Future is uncertain the management makes certain assumptions about the future. The assumptions are not to be based on hunch or guess work. It should be developed through scientific forecasting of future events.

The assumptions derived from forecasting and used in planning are called as planning premises. According to Koontz O’Donnell.

“Planning premises are the anticipated environment in which plans are expected to operate. They include assumptions or forecasts of the future and known conditions that will affect the course of plans such as prevailing policies and existing company plans that controls the basic nature of supporting plans.”

So planning premises provide a framework for planning and action in the midst of uncertainties in the business environment. They imply not only the assumptions about the future but also predictions. Planning premises constitute the framework with which planning is done.

#### Types of Planning Premises:

**Planning premises may be classified as:**

(a) Internal and external

(b) Tangible and Intangible

(c) Controllable, semi-controllable and uncontrollable

(d) Constant and variable

(e) Foreseeable and unforeseeable

**Section B**

Q.1**. Explain planning. Write down essential of a good plan**. **(4)**

Planning is the fundamental management function, which involves **deciding beforehand**, what is to be done, when is it to be done, how it is to be done and who is going to do it. It is an **intellectual process** which **lays down** **organization’s objectives and develops various courses of action**, by which the organization can achieve those objectives. It chalks out exactly, how to attain a specific goal.

Planning is nothing but **thinking before the action takes place**. It helps us to take a **peep into the future** and decide in advance the way to deal with the situations, which we are going to encounter in future. It involves logical thinking and rational decision making.

## Essentials of Good Plan

According to I.F.Urwick, essentials of a good plan are as follows:

1. It should be based on a clearly-defined objective.

2. It must be simple.

3. It should be rationale and appropriate.

4. It should be comprehensive.

5. It should provide for a proper analysis and classification of actions.

6. It must be flexible.

7. It must be balanced.

8. It must use all available resources and opportunities to the utmost before creating new authorities and new resources.

9. It should be free from social and psychological biases of the planners as well as of subordinates.

10. There should be proper co-ordination among short-term and long-term plans.

**Q.2. What is MBO? What are its benefits? (4)**

**Management by Objectives** (**MBO**) is a personnel management technique where managers and employees work together to set, record and monitor goals for a specific period of time. Organizational goals and planning flow top-down through the organization and are translated into personal goals for organizational members. The technique was first championed by management expert Peter Drucker and became commonly used in the 1960s.

The core concept of MBO is **planning**, which means that an organization and its members are not merely reacting to events and problems but are instead being proactive. MBO requires that employees set measurable personal goals based upon the organizational goals. For example, a goal for a civil engineer may be to complete the infrastructure of a housing division within the next twelve months. The personal goal aligns with the organizational goal of completing the subdivision.

MBO is a supervised and managed activity so that all of the individual goals can be coordinated to work towards the overall organizational goal. You can think of an individual personal goal as one piece of a puzzle that must fit together with all of the other pieces to form the complete puzzle: the organizational goal. Goals are set down in writing annually and are continually monitored by managers to check progress. Rewards are based upon goal achievement.

**Benefits of MBO can be stated as follows:**

#### 1. Better Managing:

MBO results in improved and better managing. Better managing requires setting goals for each and every activity and individual and ensuring that these are achieved.

#### 2. Clarifying Organization:

MBO helps in clarifying organisational roles and structures. Responsibility and authority are assigned as per the requirements of the tasks assigned.

#### 3. Encouraging Personal Commitment:

The main benefit of MBO is that it encourages personnel to commit themselves for the achievement of specified objectives.

#### 4. Developing Controls:

MBO mechanism helps in devising effective controls. The need for setting controls is the setting of standards and then finding out deviations if any.

1. (3)
2. Explain planning premises. (3)
3. (4)

2. (4)