PRINCIPLES OF MANAGEMENT (POM)

ASSIGNMENT – 1 (2021)

1.Define Management and levels of hierarchy.

Management is the process of planning, organizing, directing and controlling the programs/activities and its resources of the organization to achieve goals and objectives of organizations effectively and efficiently. The level of management determines the chain of command, the amount of authority, and status enjoyed by any managerial position. Although it would be possible to slice the management structure in an organizational hierarchy into any number of vertical levels usually three levels are cited namely:

1) Top management
2) Middle management
3) Supervisory or lower-level management

Top level Management

Top level management is responsible for framing policies of the organization. All critical decisions are also made at this level. Top level management consists of board of directors, managing director, general manager and senior most managers. Top level management is administrative in nature. Following are the important functions performed by top level management:

1) Develops long - range plans and strategies.
2) Top management lays down the objectives and broad policies of the enterprise.
3) Issues necessary instructions for preparation of department budgets.
4) Consults subordinate managers on subjects or problems of general scope.
5) Controls and coordinates the activities of all the departments.

Middle level Management

Middle level management is the link between top level and low-level management. They devote more time to organizational and directional functions. These managers supervise, direct and control the activities of foremen, inspectors and supervisors. The activities at this level include:

1) Makes plan of intermediate range and prepares long range plans for review by top level management.
2) Establishes departmental policies.
3) Counsel subordinates on production, personal or other problems.
4) Selection and recruitment of personnel.
5) Training of lower-level management.
6) Interpret and explain policies from top level management to lower level.

7) Coordinating activities within the division or department.
8) Sends important reports and other relevant data to top level management.
9) Evaluate performance of junior managers.
10) Motivate lower-level managers towards better performance.

Lower-level Management

Lower level is also known as supervisory / operative level of management. It consists of foremen, inspectors, supervisors etc. They will be mainly concerned with direction of operative employees and the major functions performed at this level include:

1) Makes detailed, short - range operating plans.
2) Assigning of jobs and tasks to various workers.
3) Supervise and guide the sub-ordinates.
4) Reviews performance of subordinates.
5) Supervises day - to - day operations.
6) Responsible for the quality as well as quantity of production.
7) Communicate workers problems, suggestions, and recommendatory appeals etc. to the higher level and higher-level goals and objectives to the workers.
8) Solve the grievances of the workers.
9) Training of workers.
10) Arrange necessary materials, machines, tools etc. for day - to – day operations.
11) Prepare periodical reports about the performance of the workers.
12) Ensure discipline in the enterprise.
13) Motivate workers.

2. Discuss briefly different major School of Management theories.

i. **Classical:** Scientific Management and Classical Organization Theory (Administrative Management), Bureaucratic Management.
ii. **Behavioral:** Human relations, Behavioral science based, Human resource.
iii. **Quantitative:** Operation Research & Simulations, Operation Management, Information enhancing systems (MIS-DSS-ES-AI).
iv. **System Approach:** Apply system principles.
v. **Contingency Approach:** Not one solution fit for all scenarios – Develop principles according to environment.
vi. **Data Driven:** Collection and employ Data Analytics methods to arrive at decisions.

3.Explain the Scientific Management?

Scientific management is a theory of management that analyses and synthesizes workflows, with the objective of improving labour productivity. The core ideas of the theory were developed by Frederick Winslow Taylor (1856 – 1915) in the 1880s and 1890s. Taylor believed that decisions based upon tradition and rules of thumb should be replaced by precise procedures developed after careful study of an individual at work. Scientific management's application is contingent on a high level of managerial control over employee work practices.

4. Discuss contributions of Taylor, Gilbreth and Gantt towards Scientific Management.

Taylor

F. W. Taylor (1856 – 1915) known as father of scientific management rested his philosophy on four basic principles:

1. Develop a science for each element of a man’s work, which replaces the old rule of thumb method.

2. Scientifically select and then train, teach, and develop the work man, where as in the past he chose his own work and trained himself as best as he could.

3. Heartily cooperate with the men so as to ensure all of the work being done is in accordance with the principles of science, which has been developed.

4. There is an almost equal division of the work and responsibility between management and workmen. The management takes over all work for which they are better fitted than the workmen, while in the past almost all of the work and the greater part of the responsibility was thrown upon the men.

Gilbreths

Frank B and Lillian M Gilbreth (1868-1924 and 1878-1972) made their contribution to the scientific management movement as a husband-and-wife team. They did a lot of research in order to improve work methods and thus to discover one best way of accomplishing a task.

Their main field of interest was fatigue and motion studies and focused on ways of promoting the individual worker’s welfare.

To them, the ultimate aim of scientific management was to help workers reach their full potential as human beings. In their conception, motion and fatigue were intertwined – every motion that was eliminated reduced fatigue. Using motion picture cameras, they tried to find the most economical ways of doing jobs. They concluded that fatigue could be considerably reduced by lightening the load, spacing the work and by introducing rest periods.

Frank Gilbreth published a series of books describing the best way of laying bricks, handling materials, training apprentices, and improving methods while lowering costs and paying higher wages.

Dr. Lillian Gilbreth is often known as the first lady of management. Lillian's thesis- turned book, The Psychology of Management, is one of the earliest contributions to understanding the human side of management.

Lillian faced many incidents of discrimination during her life, including the fact that her book could only be published if her initials were used so readers would not know she was a woman. Her work illustrated concern for the worker and attempted to show how scientific management would benefit the individual worker, as well as the organization. Lillian wrote about reduction of worker fatigue, how to retool for disabled veteran workers returning to the workplace, and how to apply principles of scientific management to the home.

Gantt

Henry L Gantt (1861-1919) worked with Taylor on several projects and was his close associate. He improved upon Taylor's differential piece rate system and came up with a new idea. Every worker who finished a day's assigned workload would win a 50% bonus. The supervisor would also earn a bonus for each worker who reached the daily standard, plus an extra bonus if all the workers reached it. This would motivate the supervisors to train their workers to do a better job.

Gantt also devised a charting system for production scheduling, now known as Gantt chart. The Gantt chart is still in use today. It also formed the basis for two charting devices which were developed to assist in planning, managing and controlling complex organizations: the Critical path Method (CPM) and Program Evaluation and Review Technique (PERT).

5. Discuss major functions of Management.

The managerial functions provide a useful framework for organizing management knowledge. Managerial functions can be basically grouped under planning, organizing, motivating, controlling, coordinating and decision-making.

Planning

Plans give the organization its objectives and set up the best procedures for reaching them. Plans made by top-level management may cover periods as long as five or ten years. On the other hand, the middle and lower-level managers focus on short-range and day-to-day plans. The elements included in the planning function are:

1) The policies that will help to achieve objectives.

2) The programs that a manager will carry out.

3) The time schedules that a manager will have to meet.

4) The budgetary considerations that will be involved.

Organizing

Organizing is the process of arranging and allocating work, authority, and resources among an organization's members so that they can achieve organization's goals. The elements included in organizing function are:

1) Grouping of activities necessary to accomplish organization's goals in the light of the human and material resources available and the best way, under the circumstances, of using them.

2) Delegating to the head of each group the authority necessary to perform the activities.

3) Establishing relationships that will provide each with the necessary information.

4) Scrutinizing the relationships between various units and the effect of operation of these units on each other.

Motivating

Motivation is a human psychological characteristic. It pertains to various drives, desires, needs, wishes and other forces. Motivation is not easy to achieve and what a manager can try to do is to create a working climate in which all members may contribute to the limits of their ability. The key elements in such a work situation and its effect on the employee are known to be:

1) The degree to which the employee feels his goals and those of the organization are similar.

2) The employee’s relationships with his coworkers and especially with his supervisor.

3) The way in which his job helps him meet his needs for present income and future security and does so in a manner that seems fair.

4) The extent to which it enables him to feel adequate to his tasks and to gain a sense of accomplishment for jobs well done.

Controlling

Controlling is the process of ensuring that actual activities conform to plan activities. Through the controlling function, the manager can keep the organization on the right track before it deviates too far from its goals. The controlling function involves:

1) Establishing standards of performance.

2) Measuring actual performance.

3) Comparing actual performance to the established standards.

4) Taking corrective action if deviations are detected.

Coordinating

Coordination is the process of integration of the activities of separate departments of an organization to accomplish organizational goals. Coordination is needed both up and down the organization structure and laterally as well. It can also occur among people working at different organizations. The extent of coordination depends on the nature of activities performed and the type of organization structure. Some authors consider coordinating as a part of organizing function as organizing involves a great deal of coordinating effort.

Decision-making

Decision-making is the process of identifying and selecting a course of action from among alternatives. Decision-making is an important part of every manager’s job and it requires all the skill and judgment a manager accumulates over the years. The manager constantly seeks to make correct decisions involving the use of the various types of resources at his disposal to attain the various objectives. A manger decides on the utilization of men, materials and machines to achieve such goals as quality, low cost, quick delivery, safety and so on.

Directing

Directing is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process. Planning, organizing, staffing has got no importance if direction does not take place. Directing initiates action and it is from here actual work starts. Directing consists of process or technique by which instruction can be issued and operations can be carried out as originally planned. Therefore, Directing is, therefore, guiding, inspiring, overseeing and instructing people towards accomplishment of organizational goals. Directing concerns, the total manner in which a manager influences actions of subordinates. It includes the following elements:

1) Issuing orders that are clear, complete and within the capabilities of subordinates to accomplish.

2) Suggesting an incessant training activity in which subordinates are given instructions to enable them to carry out the particular assignment in the existing situation.

3) Motivating the workers to meet the expectations of the manager.

4) Maintaining discipline and rewarding those who perform well.

6. Define an organization and why study of organization is important.

Organization is a pattern of relationships among the individuals working together for a common goal. The systems approach considers organization as a system composed of sub systems that are inter-related. Systems have boundaries, but they also interact with external environment. That is, they are open systems. This approach recognizes the importance of studying inter-relatedness of planning, organizing, and controlling in an organization as well as the many subsystems.

7. What five steps in the process of organizing? Explain each briefly.

I. Detailing the work
II. Dividing the work
III. Departmentalization
IV. Coordination of work
V. Monitoring and Reorganizing

1**.Detailing of work** for attaining the organization’s goals.
Hospital is to care for sick, business to sell good/services, etc.
Each organization’s goal needs different tasks & to be preciously determined, defined and specified

2**.Dividing of total work** load into suitable “packets” of activities that can be logically and comfortably be performed by a person or a unit.
People are assigned tasks according to their ability & qualifications. They shall be neither over loaded nor under loaded/under-utilized. There shall be no gap (a task allotted to none) or overlap (a task allotted to more than one person) or split (a task allotted to more than one unit). Division of work is the breakdown of tasks so that each individual is responsible for and perform a limited set of activities rather than the entire work

3.**Departmentalization** is the combining of similar & logically related work of members of organization into departments or divisions for ease in coordination.

4.**Creating Mechanism for coordination** so that efforts of its members, units, divisions focus only on organization goals/purpose. Without coordination, different elements/units/divisions of the organization drift apart to pursue their own short-sighted goals.

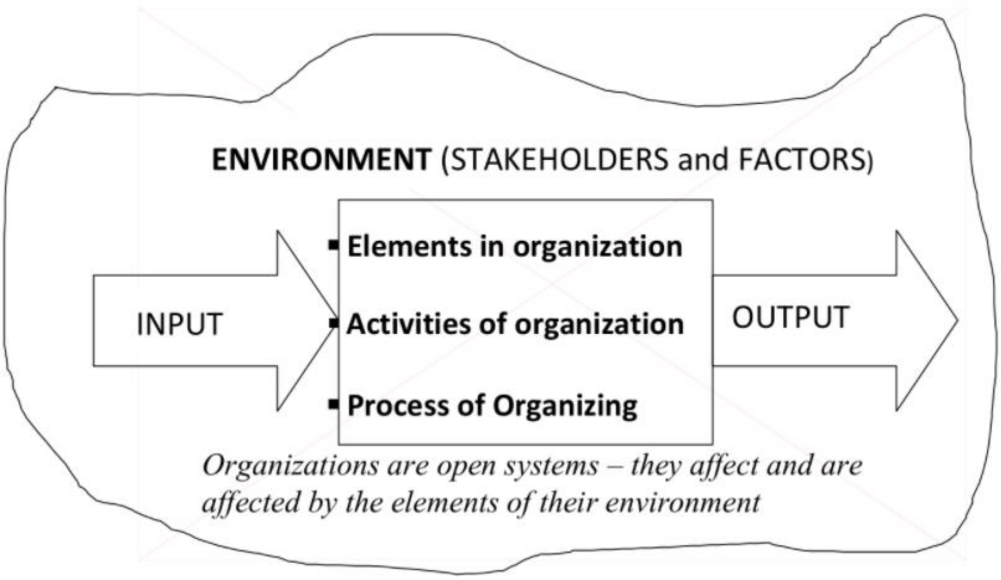
5.Monitoring and reorganizing for the sustained effectiveness of the Organization. As organizations grow and environment and situations inside changes, the organization structure must be reevaluated to make sure it is consistently effective and efficient to meet present needs. If required, make necessary changes and reorganize.

8. Define delegation and span of control.

Delegation is the assignment to another person of formal authority and responsibility for carrying out specific tasks. No superior can personally accomplish or completely supervise all the organization's task unless it is delegated to subordinates. Delegation helps better & speedy decision as subordinates are closer to "firing line" and relieves superior to take other responsibilities.

Span of control is the no. of subordinates directly report to manager. Narrow span raises organizational hierarchy, but better supervision. Wider span effect efficient use of managers, but overloading them.

9. Discuss system approach to organization study.



Inputs:

Raw Material, Finance, Energy, Information, Human Resource, etc.

Outputs:

Products/Services produced by the organization, Livelihood to members, Contribution to Society/nation (GDP, Foreign exchanges through Exports, etc.), Maintenance of Culture and Civilization

Environment:

That which is outside system but influences and being influenced by system. Elements of environment & input are outside system. Inputs are "consumed" by system for producing output.

Stakeholders:

Influences the decisions within organization.

Shareholders, Financial Institutions, Govt. Regulatory Bodies, Pollution control agencies, Tax regimes, Labor Unions, Society, Interest groups, suppliers, Consumers/Customers, Competitors, Terrorists/arsonists, etc.

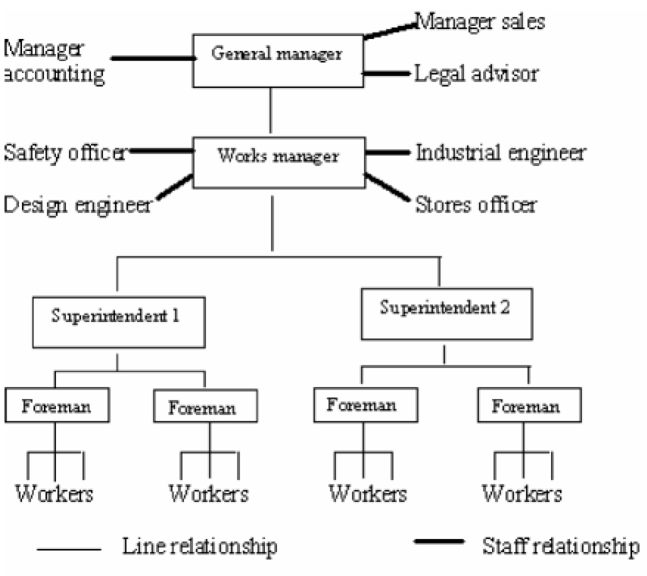
Factors:

Affect the performance of organization.

Economic conditions, Geo-Climatic conditions, Political conditions, etc.

10. Explain Line and staff organization.

Line and Staff Organization Line and staff organization is a development of line organization. In this type of structure, special executives known as staff are employed to assist the line executives. Staff personnel act as helpers to the line and, as such, have no direct authority. The nature of staff relationship is advisory.



Line and Staff Organization

11. Discuss different types of ownership.

1) Single ownership

2) Partnership

3) Joint stock companies

4) Cooperate organization

Single ownership

Single ownership is a form of business organization, which is owned and controlled by a single individual. Also known as sole proprietorship, it is the oldest and simplest form of business organization. In this form of organization, an individual introduces his own capital, uses his own skill and intelligence in the management of its affairs and is solely responsible for the results of its operation. The sole proprietor may have any number of persons working for him but they will be just paid employees or friends and relatives having no share in the ownership of the business. The sole proprietor enjoys full benefit in terms of profit earned by the business. However, he will be personally liable for all kinds of risks attached to his business. His liabilities will be unlimited.

Partnership

Indian partnership act defines partnership as the relation between persons who have agreed to share profits of a business carried on by all or any of them acting for all. The sharing of profits is the basis for defining partnership. The contribution of the partners in running the business need not be same. The minimum number of partners is two and the upper limit is ten for banking business and twenty for general business as per the Indian Companies act. The partnership is created by mutual consent and voluntary agreement. Registration of a business under partnership is essential under shops and establishment act in order to take legal help in enforcing the terms of agreement on the partners. Every partner has an unlimited liability in respect of the firm's debt and limitation of the liability through mutual agreement is not possible legally under partnership. There is a category of partnership, which is prevalent in western countries known as limited partnership. In this case there are two classes of partners – special and general. The liability of special (or limited) partners is limited to the extent of his investment, and that of general partners is unlimited. In a limited partnership there must be at least one general partner whose liability is unlimited. In India the law does not recognize this type of partnership. There are many types of partners depending upon their specific role in business. There are active partners who bring in capital and take active interest in the conduct of the business. There are sleeping partners who bring in capital but do not take active interest in the conduct of the business. Such partners after contributing their share of capital wake up only either to share the profits or to liquidate the business. There are nominal partners who lend their reputed name for the company's reputation without contributing any capital or without any active interest in the conduct of the business. Legally, however, such partners are equally responsible for the liabilities of the firm. There are secret partners who bring in capital and take part in the conduct of the business but nowhere their names appear. There are minor partners who are below eighteen years of age and associated with the business. Such partners have limited liability.

Joint Stock Company

The joint-stock company is the most important form of business organization. It is a voluntary association of individuals for profit, having a capital divided into transferable shares of different values. A joint stock company is a legal entity with a perpetual succession. The capital is raised by selling shares of different values and these shares are transferable. Persons who purchase the shares are called shareholders and these shareholders elect the managing body known as board of directors. The board of directors is responsible for policymaking, important financial and technical decisions and efficient working of the company. In this form of organization liability of the shareholder is limited to the amount of shares held by him and he is free from the responsibility of the debts and claims of the company beyond the value of shares. Because of this advantage all sections of the people are encouraged to contribute for the company. The shares of a join-stock company are transferable. The Joint stock companies are of two main kinds: private limited company and public limited company.

Cooperative Organization or Cooperative Society

A cooperative society is a form of organization where people associate voluntarily and on the basis of equality for the furtherance of their common economic interest. Consumers' cooperative societies, cooperative credit societies, cooperative farming societies and cooperative housing societies are some examples of this type of organizations. The primary motive of a cooperative society is to provide maximum service to its members and not to make profits. This does not, however, mean that a co-operative does not work for profit at all. There are several societies engaged in business activities, which earn reasonably good profits while providing service to their members as well as to non-members. Whatever is the profit, it will be partly distributed as bonus to its members. A cooperative society raises its capital from its members in the form of share capital and a fixed rate of return is paid on the capital subscribed by each member. The shares of a cooperative are not transferable. The management of a cooperative is run by a managing committee elected by members on the basis of one member one vote irrespective of the number of shares held by members. The general body of membes decides the broad policy framework and guidelines, which the managing committee is required to follow. A cooperative society is required to be registered under the cooperative societies act. It has a perpetual succession, which is not affected by entry or exit of members.

12. What do the directing mean in Management? Explain various elements.

Activities and Plans are to be done with and through people. Process of getting plans/actions/activities through people to achieve the goals of organizations. Two things:

1) Entrusting people with jobs and activities

I. Dispatching: Generation, Distribution and Issuance orders as what each person at each time has do – Also, as to which resource (material issue – human Assignment – Machine Allocation – Tool & Tooling issue) has to be employed in how quantity at when as well as how long (duration).
II. Supervising: to ensure orders are complied.

2)Enabling people act as per plan in order to achieve goals involves

I. Motivating for Performance
II. Providing Job-satisfaction
III. Effective Leadership to people
IV. Group & Committee forming and its effective management
V. Effective Communications at Interpersonal and organizational level
VI. Providing/assisting Careers development inside the organization and for individual
VII. Managing Conflicts and converting into healthy competition
VIII. Implementing justful remunerations (Wage/Salary – Fair incentives –Welfare – Safety)

13. What is the controlling mean in Management? Explain various aspects of controlling.

Controlling is the process of ensuring that actual activities conform to plan activities. Through the controlling function, the manager can keep the organization on the right track before it deviates too far from its goals. The controlling function involves:

1) Establishing standards of performance.

2) Measuring actual performance.

3) Comparing actual performance to the established standards.

4) Taking corrective action if deviations are detected.

For the control to be effective, a system of communications or reports is required to inform the manager of the facts on which to base measurements, comparisons and corrective action. A great deal of the manager’s time is involved in controlling.

14. Discuss motivation, co-ordination and communication in the context of Management.

Motivation

Motivation is a human psychological characteristic. It pertains to various drives, desires, needs, wishes and other forces. Motivation is not easy to achieve and what a manager can try to do is to create a working climate in which all members may contribute to the limits of their ability. The key elements in such a work situation and its effect on the employee are known to be:

1) The degree to which the employee feels his goals and those of the organization are similar.

2) The employee’s relationships with his co-workers and especially with his supervisor.

3) The way in which his job helps him meet his needs for present income and future security and does so in a manner that seems fair.

4) The extent to which it enables him to feel adequate to his tasks and to gain a sense of accomplishment for jobs well done.

Motivational function provides a great deal of challenge to a manager. He must have the ability to identify the needs of his subordinates and the methods and techniques to satisfy those needs. Motivation is a continuous process as new needs and expectations emerge.

Co-ordination

Co-ordination is the process of integration of the activities of separate departments of an organization to accomplish organizational goals. Co-ordination is needed both up and down the organization structure and laterally as well. It can also occur among people working at different organizations. The extent of coordination depends on the nature of activities performed and the type of organization structure. Some authors consider coordinating as a part of organizing function as organizing involves a great deal of coordinating effort.

Communication

Communications is fundamental to the existence and survival of humans as well as to an organization. It is a process of creating and sharing ideas, information, views, facts, feelings, etc. among the people to reach a common understanding. Communication is the key to the Directing function of management.

15. What is Productivity and its measures of productivity.

Productivity is a measure of how much input is required to produce a given output.

➢ Productivity = output/input

➢ Productivity = Value of goods & services produced / Value of resources utilized for this production.

➢ Productivity is the measure of how well the resources are brought together in an organization and utilized for accomplishing a given set of objectives.

➢ It can be defined as the output – input ratio within a time period with due consideration for quality.

➢ It is applicable to all production systems.

Measures of productivity

1)Total productivity

➢ It's the ratio of aggregate output to aggregate inpu**t**

2)Partial productivity

➢ It's the ratio of the aggregate output to any single input

Land and building, Materials, Machines, Man power

16. What are measures to improve productivity?

Productivity can be improved by:

I. Increasing the outputs with the same inputs
II. Decreasing the inputs by maintaining the same outputs or
III. Increasing the outputs and decreasing the inputs to change the ratio favourably

17. Explain inventory control and EOQ model

Inventory control refers to the process whereby the investment in materials and parts carried in stock is regulated within the predetermined limits set in accordance with the inventory policy established by the management. It is the scientific method of finding how much stock should be maintained in order to meet the production demands at the minimum cost.

- **Classification**
  - **Direct inventories**
    - ✓ Raw materials
    - ✓ In process inventories (work in progress)
    - ✓ Purchased parts
    - ✓ Finished goods
  - **Indirect inventories - will not be part of product**

- ✓ Tools: - machine tools and hand tools
- ✓ Supplies: - accessories of machines, cleaning materials, lubricants, office stationery.

<u>EOQ (Economic Order Quantity)</u>

The economic order quantity is the size of an inventory order which minimizes the total inventory cost. The inventory cost is the sum of procurement cost and carrying cost. To determine EOQ two extreme views are encountered:

I. Order for very large lots (Produce in very large lots) to minimize the procurement cost (to minimize set up cost)
II. Order for every small lots (produce in very small lots) to minimize the storage cost or carrying cost.

18. Explain Material Requirement Planning (MRP)?

Computer-based information system for ordering and scheduling of inventories, i.e., what is needed, how much is needed, and when is it needed

- ➢ Functions of MRP system
  - ✓ Control of inventory levels
  - ✓ Assignments of priorities for components
  - ✓ Determination of capacity requirements at a detailed level

19. What is Project Management?

Project management involves the planning and organization of a company's resources to move a specific task, event, or duty towards completion. It can involve a one-time project or an ongoing activity, and resources managed include personnel, finances, technology, and intellectual property.

Project management is often associated with fields in engineering and construction and, more lately, healthcare and IT, which typically have a complex set of components that have to be completed and assembled in a set fashion to create a functioning product.

No matter what the industry is, the project manager tends to have roughly the same job: to help define the goals and objectives of the project and determine when the various project components are to be completed and by whom. They also create quality control checks to ensure completed components meet a certain standard.

20. Discuss feasibility studies.

A feasibility study is an analysis that considers all of a project's relevant factors—including economic, technical, legal, and scheduling considerations—to ascertain the likelihood of completing the project successfully. Whether a project is feasible or not can depend on several factors, including the project's cost and return on investment, meaning whether the project generated enough revenue or sales from consumers. However, a feasibility study isn't only used for projects looking to measure and forecast financial gains. In other words, feasible can mean something different, depending on the industry and the project's goal

Types of Feasibility Study

A feasibility analysis evaluates the project's potential for success; therefore, perceived objectivity is an essential factor in the credibility of the study for potential investors and lending institutions. There are five types of feasibility study—separate areas that a feasibility study examines, described below.

1. Technical Feasibility

This assessment focuses on the technical resources available to the organization. It helps organizations determine whether the technical resources meet capacity and whether the technical team is capable of converting the ideas into working systems. Technical feasibility also involves the evaluation of the hardware, software, and other technical requirements of the proposed system. As an exaggerated example, an organization wouldn't want to try to put Star Trek's transporters in their building—currently, this project is not technically feasible.

2. Economic Feasibility

This assessment typically involves a cost/ benefits analysis of the project, helping organizations determine the viability, cost, and benefits associated with a project before financial resources are allocated. It also serves as an independent project assessment and enhances project credibility—helping decision-makers determine the positive economic benefits to the organization that the proposed project will provide.

3. Legal Feasibility

This assessment investigates whether any aspect of the proposed project conflicts with legal requirements like zoning laws, data protection acts or social media laws. Let's say an organization wants to construct a new office building in a specific location. A feasibility study might reveal the organization's ideal location isn't zoned for that type of business. That organization has just saved considerable time and effort by learning that their project was not feasible right from the beginning.

4. Operational Feasibility

This assessment involves undertaking a study to analyze and determine whether—and how well—the organization's needs can be met by completing the project. Operational feasibility studies also examine how a project plan satisfies the requirements identified in the requirements analysis phase of system development.

5. Scheduling Feasibility

This assessment is the most important for project success; after all, a project will fail if not completed on time. In scheduling feasibility, an organization estimates how much time the project will take to complete.

When these areas have all been examined, the feasibility analysis helps identify any constraints the proposed project may face, including:

- Internal Project Constraints: Technical, Technology, Budget, Resource, etc.
- Internal Corporate Constraints: Financial, Marketing, Export, etc.
- External Constraints: Logistics, Environment, Laws, and Regulations, etc.