

Ques1) Briefly explain Henri Fayol's principles of management.

- **Division of Labor**
 - Henry Fayol has stressed on the specialization of jobs.
 - He recommended that work of all kinds must be divided & subdivided and allotted to various persons according to their expertise in a particular area.
 - Subdivision of work makes it simpler and results in efficiency.
 - It also helps the individual in acquiring speed, accuracy in his performance.
 - Specialization leads to efficiency & economy in spheres of business
- **Authority & Responsibility**
 - Authority & responsibility are co-existing.
 - If authority is given to a person, he should also be made responsible and vice versa.
 - **Authority refers to the right of superiors to get exactness from their subordinates whereas responsibility means obligation for the performance of the job assigned.**
 - They must go hand in hand.
 - **Authority without responsibility leads to irresponsible behavior whereas responsibility without authority makes the person ineffective.**
- **Unity of Direction**
 - Fayol advocates one head one plan which means that there should be one plan for a group of activities having similar objectives.
 - Related activities should be grouped together. There should be one plan of action for them and they should be under the charge of a particular manager.
 - According to this principle, efforts of all the members of the organization should be directed towards common goal.
 - Without unity of direction, unity of action cannot be achieved.
 - In fact, unity of command is not possible without unity of direction.
- **Unity of command (Principle of One Boss)**
 - A sub-ordinate should receive orders and be accountable to one and only one boss at a time.
 - In other words, a sub-ordinate should not receive instructions from more than one person because:

It undermines authority	Delays and chaos
Weakens discipline	Escaping responsibilities
Divides loyalty	Duplication of work
Creates confusion	Overlapping of efforts
 - Therefore, dual sub-ordination should be avoided unless and until it is absolutely essential.
 - Unity of command provides the enterprise a disciplined, stable & orderly existence.
 - It creates harmonious relationship between superiors and sub-ordinates.

- **Espirit De' Corps (can be achieved through unity of command)**
 - It refers to team spirit i.e. harmony in the work groups and mutual understanding among the members.
 - Espirit De' Corps inspires workers to work harder.
 - Fayol cautioned the managers against dividing the employees into competing groups because it might damage the morale of the workers and interest of the undertaking in the long run.
- **Order**
 - This principle is concerned with proper & systematic arrangement of things and people.
 - Arrangement of things is called material order and placement of people is called social order.
 - **Material order-** There should be safe, appropriate and specific place for every article and every place to be effectively used for specific activity and commodity.
 - **Social order-** Selection and appointment of most suitable person on the suitable job. There should be a specific place for every one and everyone should have a specific place so that they can easily be contacted whenever need arises.
- **Centralization & De-Centralization**
 - Centralization means concentration of authority at the top level. In other words, centralization is a situation in which top management retains most of the decision making authority.
 - Decentralization means disposal of decision making authority to all the levels of the organization. In other words, sharing authority downwards is decentralization.
 - According to Fayol, “Degree of centralization or decentralization depends on no. of factors like size of business, experience of superiors, dependability & ability of subordinates etc.
 - **Anything which increases the role of subordinate is decentralization & anything which decreases it is centralization.**
 - Fayol suggested that absolute centralization or decentralization is not feasible. An organization should strike to achieve a lot between the two.
- **Sub-Ordination of Individual Interest to General Interest**
 - An organization is much bigger than the individual it constitutes therefore interest of the undertaking should prevail in all circumstances.
 - As far as possible, reconciliation should be achieved between individual and group interests.
 - But in case of conflict, individual must sacrifice for bigger interests.
 - In order to achieve this attitude, it is essential that
 - Employees should be honest & sincere.
 - Proper & regular supervision of work.
 - Reconciliation of mutual differences and clashes by mutual agreement.
- **Fair Remuneration**
 - The quantum and method of remuneration to be paid to the workers should be fair, reasonable, satisfactory & rewarding of the efforts.
 - As far as possible it should accord satisfaction to both employer and the employees.
 - Wages should be determined on the basis of cost of living, work assigned, financial position of the business, wage rate prevailing etc.
 - Fayol also recommended provision of other benefits such as free education, medical & residential facilities to workers.

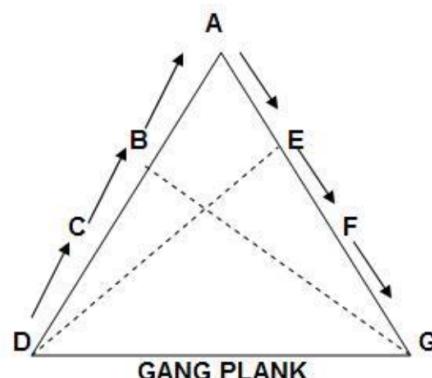
• Stability of Tenure

- Fayol emphasized that employees should not be moved frequently from one job position to another i.e. the period of service in a job should be fixed.
- According to Fayol, "Time is required for an employee to get used to a new work & succeed to doing it well but if he is removed before that he will not be able to render worthwhile services".
- As a result, the time, effort and money spent on training the worker will go waste.
- Stability of job creates team spirit and a sense of belongingness among workers which ultimately increase the quality as well as quantity of work.

• Scalar Chain

- Fayol defines scalar chain as 'The chain of superiors ranging from the ultimate authority to the lowest'.
- Every orders, instructions, messages, requests, explanation etc. has to pass through Scalar chain.
- But, for the sake of convenience & urgency, this path can be cut short and this short cut is known as Gang Plank.
- A **Gang Plank** is a temporary arrangement between two different points to facilitate quick & easy communication.

Gang Plank clarifies that management principles are not rigid rather they are very flexible. They can be molded and modified as per the requirements of situations



• Discipline

- "Discipline means sincerity, obedience, respect of authority & observance of rules and regulations of the enterprise".
- This principle applies that subordinate should respect their superiors and obey their order.
- Discipline is not only required on path of subordinates but also on the part of management.
- Discipline can be enforced if -
 - There are good superiors at all levels.
 - There are clear & fair agreements with workers.
 - Sanctions (punishments) are judiciously applied.



• Equity

- Equity means combination of fairness, kindness & justice.
- It implies that managers should be fair and impartial while dealing with the subordinates.
- Equity is essential to create and maintain cordial relations between the managers and sub-ordinate.
- But equity does not mean total absence of harshness.
- Fayol was of opinion that, "at times force and harshness might become necessary for the sake of equity".

• Initiative

- Workers should be encouraged to take initiative in the work assigned to them. It means eagerness to initiate actions without being asked to do so.
- Fayol advised that management should provide opportunity to its employees to suggest ideas, experiences & new method of work.
- It helps in developing an atmosphere of trust and understanding as people then enjoy working in the organization because it adds to their zeal and energy.
- They can be encouraged with the help of monetary & non-monetary incentives.

Ques2) Explain Henry Mintzberg's managerial roles with suitable examples.

a) Interpersonal Roles

Liaison role



In the liaison role the manager makes contacts outside his vertical chain of command. Managers spend as much time with peers and other people outside their units as they do with their own subordinates, and surprisingly little time with their own superiors. *The manager cultivates such contacts largely to find information.*

In effect, the liaison role is devoted to building up the manager's own external information system – informal, private, verbal, but nevertheless effective.

Figurehead role



By virtue of his position as head of an organizational unit, every manager must perform some duties of ceremonial nature.

- a. The president greets the touring dignitaries (attends ribbon cutting ceremonies),
- b. the foreman attends the wedding of a lathe operator, and
- c. the sales manager takes an important customer to lunch.

Duties that involve interpersonal roles may sometimes be routine, involving little serious communication and no important decision-making.

Nevertheless, they are important to the smooth functioning of an organization and cannot be ignored by the manager".

Leader role



Because he is in charge of an organizational unit, the manager is responsible for the work of the people of that unit. His actions in this regard constitute the leader role.

Some of these actions involve leadership directly – for example,

- a. in most organizations the manager is normally responsible for hiring and training his staff.

In addition, there is the indirect exercise of the leader role.

- b. Every manager must motivate and encourage his employees, somehow reconciling their individual needs with the goals of the organization.

The influence of the manager is most clearly seen in the leader role.

Formal authority vests him with great potential power; leadership determines in large part how much of it he will realize.

b) Informational Roles

Spokesman role



In his spokesman role, the manager sends some of his information to people outside his unit.

In addition, as part of his spokesman role, every manager must inform and satisfy the influential people who control his organizational unit.

The president of a large corporation may spend a great deal of his time dealing with a host of influences.

- Directors and shareholders must be advised about financial performance;
- consumer groups must be assured that the organization is fulfilling its social responsibility; and
- government officials must be satisfied that the organization is abiding by the law.



Monitor role



As monitor, the manager continuously scans his environment for information, interrogates his liaison contacts and his subordinates, and receives unsolicited information, much of it as a result of the network of personal contacts he has developed.

A good part of the information the manager collects in his monitor role arrives in verbal form, often as gossip, hearsay, and speculation. By virtue of his contacts, the manager has a natural advantage in collecting this soft information for his organization.

Disseminator role



The manager must share and distribute much of information.

Information he gathers from outside personal contacts may be needed within his organization.

In his disseminator role, the manager passes some of his privileged information directly to his subordinates, who would otherwise have no access to it.

When his subordinates lack easy contact with one another, the manager will sometimes pass information from one to another.

c) Decisional Roles

Negotiator role



Studies of managerial work at all levels indicate that managers spend considerable time in negotiations. Negotiations are duties of the manager's job; perhaps routine, they are not to be shirked.

Resource allocator role



Managers have the responsibility of deciding who will receive what in his organizational unit.

Perhaps the most important resource the manager allocates is his own time.

Access to the manager constitutes exposure to the unit's nerve center and decision-center. The manager is also charged with designing his unit's structure, that pattern of formal relationships that determines how work is to be divided and coordinated.

Also in his role as resource allocator the manager authorizes the important decisions before they are implemented.

Disturbance handler role



While the entrepreneurial role describes the manager as the voluntary initiator of change, the disturbance handler role depicts the manager involuntarily responding to pressures.

Here change is beyond the manager's control.

He must act because the pressures of the situation are too severe to be ignored: *a strike looms, a major customer has gone bankrupt*, etc.

Every manager must spend a good part of his time responding to high-pressure disturbances. Disturbances arise not only because poor managers ignore situations until they reach crisis proportions, but also because good managers cannot possibly anticipate all the consequences of the actions they take.

Entrepreneurial role



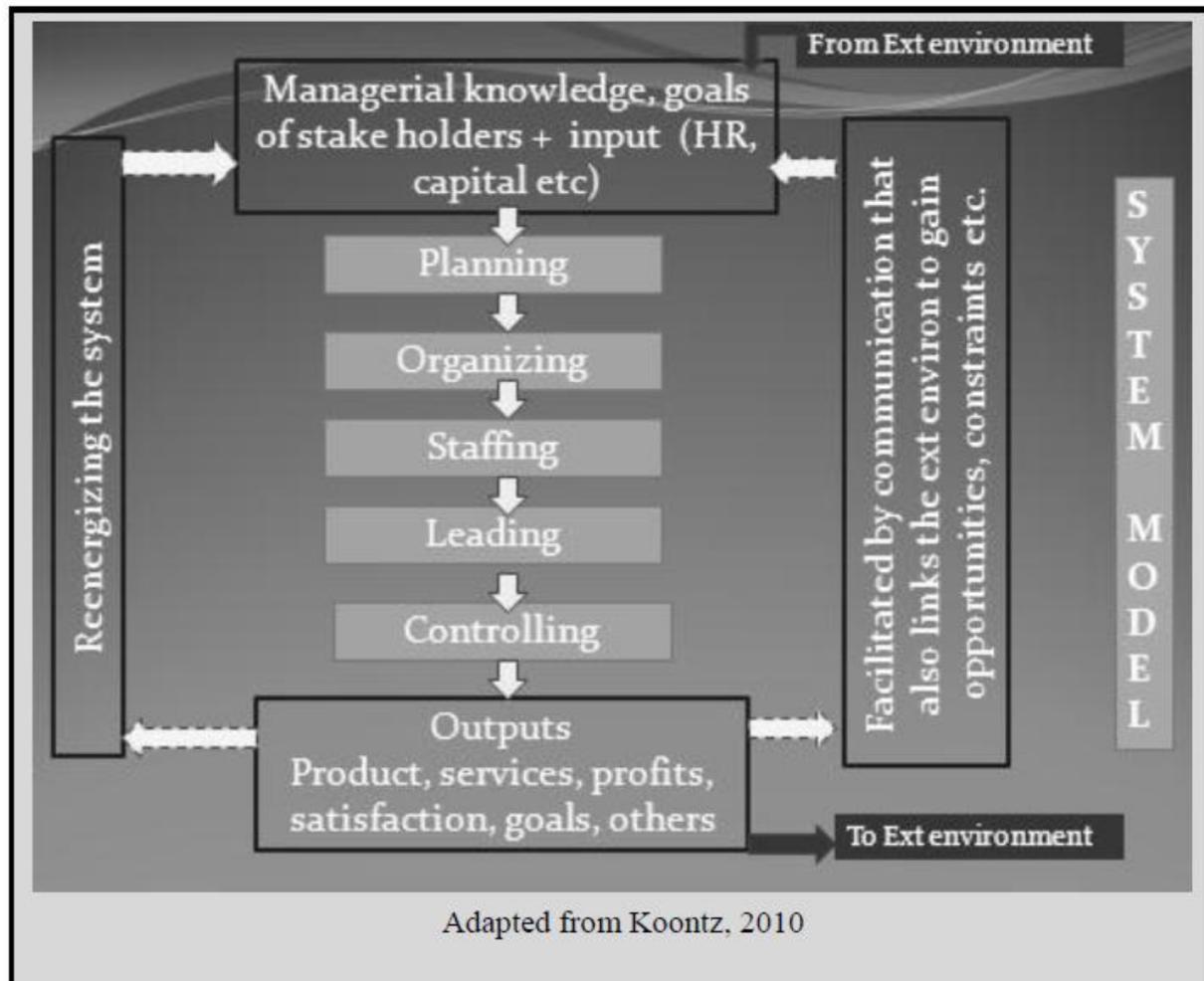
The entrepreneurial role describes the manager as the voluntary initiator of change.

As entrepreneur, the manager seeks to improve his unit and to adopt it to changing conditions in the environment.

In his monitor role, the president is constantly on the lookout for new ideas. When a good one appears, he initiates a development project. The chief executive appears to maintain a kind of inventory of the development projects that he himself supervises.

Like a juggler, he keeps a number of projects in the air: periodically one comes down, is given a new burst of energy, and is sent back into orbit. At various intervals, he puts new projects on-stream and discards old ones.

Ques3) Draw a neat block diagram system approach to management and briefly explain the functions of managers.



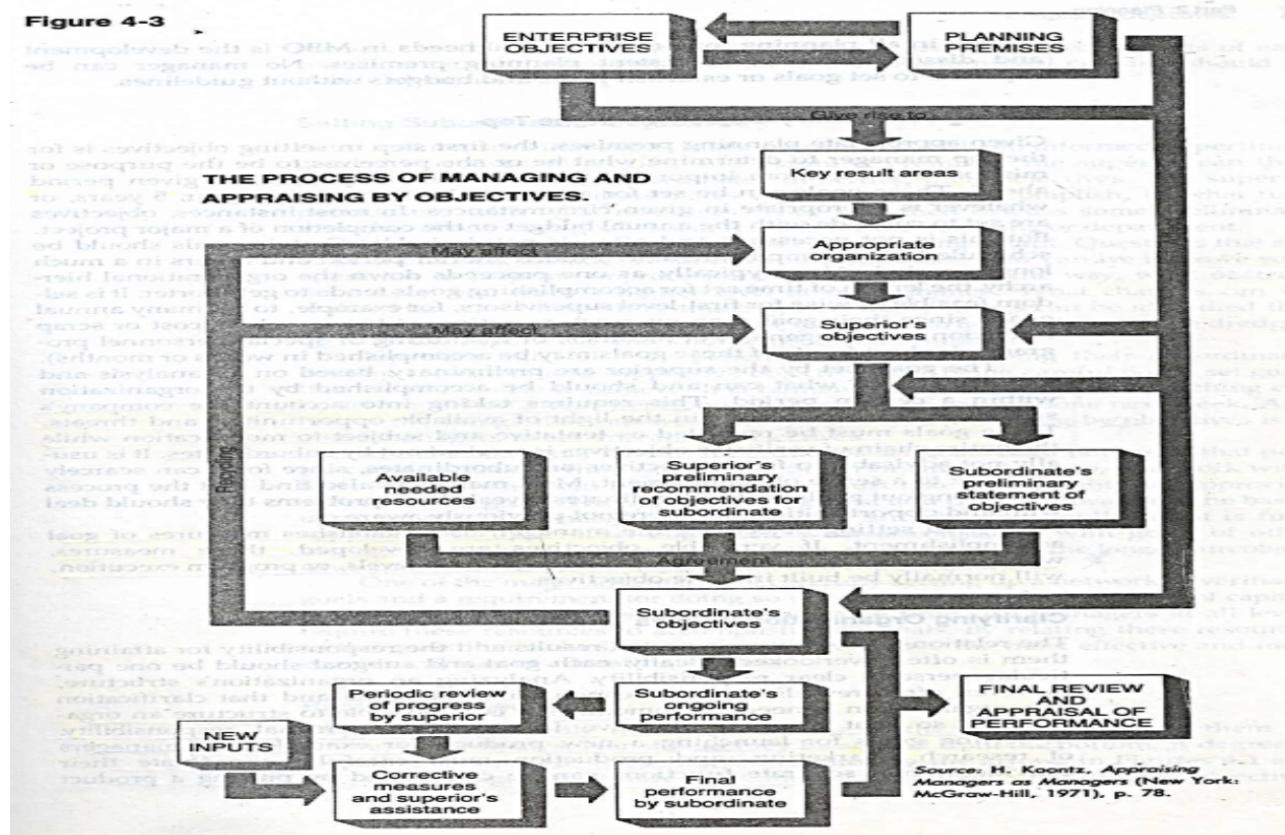
Types of Managers

Levels of Management

- First-line managers
 - Responsible for day-to-day operations. Supervise people performing activities required to make the good or service.
- Middle managers
 - Supervise first-line managers. Are responsible to find the best way to use departmental resources to achieve goals.
- Top managers
 - Responsible for the performance of all departments and have cross-departmental responsibility.
 - Establish organizational goals and monitor middle managers.
 - Form top management team along with the CEO and COO.

Ques4) Draw MBO Block diagram neatly and list out Key Result Areas.

Figure 4-3



Key result areas: An area in which performance is essential for the success of the enterprise.

Key result areas for business (Peter Drucker)

- Market standing
- Innovation
- Productivity
- Physical and financial resources
- Profitability
- Managerial performance and development
- Worker performance and attitude
- Public responsibility

Additional Areas:

1. Service
2. Quality

Ques5) Explain BCG Matrix with a suitable example.

Benefits

- BCG MATRIX is simple and easy to understand.
- It helps you to quickly and simply screen the opportunities open to you, and helps you think about how you can make the most of them.
- It is used to identify how corporate cash resources can best be used to maximize a company's future growth and profitability.

Why BCG Matrix?

To assess :

- Profiles of products/businesses
- The cash demands of products
- The development cycles of products
- Resource allocation and divestment decisions



Limitations

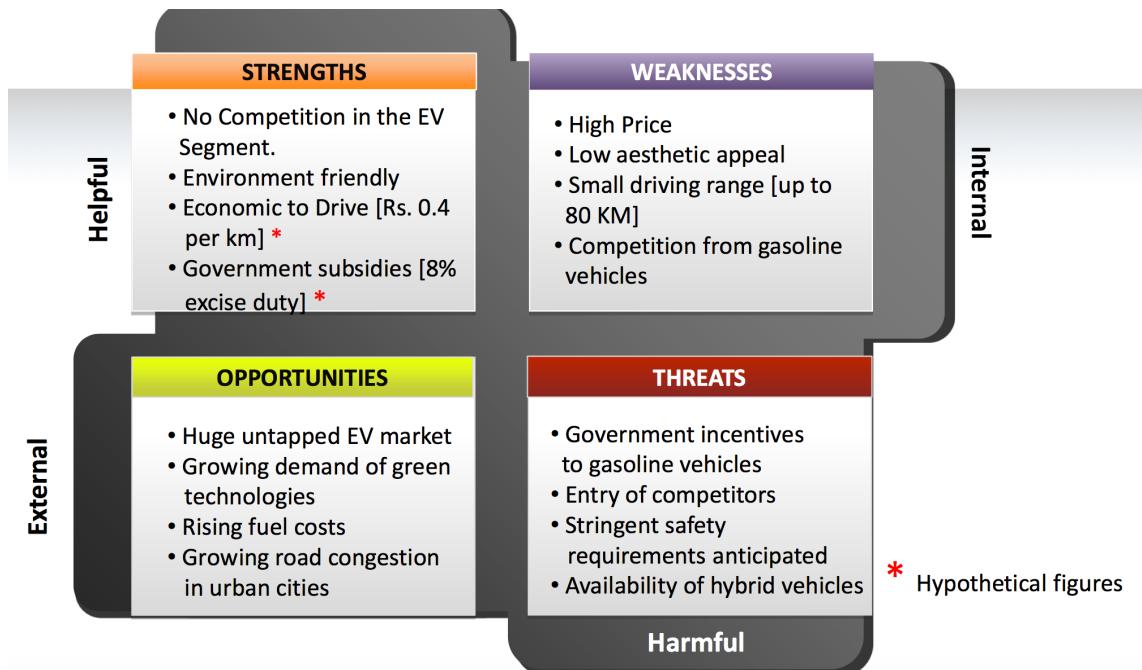
- BCG matrix uses only two dimensions: **Relative Market Share** and **Market Growth Rate**
- Problems arise while getting data for market share and market growth
- High market share does not mean profits all the time
- Business with low market share can be profitable too
- It neglects the effects of **synergy** between business units
- Market growth is not the only indicator for attractiveness of a market
- There is no clear definition of what constitutes a "market"
- The model neglects small competitors that have fast growing market shares



Ques6) Example SWOT analysis with a suitable example.

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ▶ Chances to make greater profits in the environment - External attractive factors that represent the reason for an organization to exist & develop. ▶ Arise when an organization can take benefit of conditions in its environment to plan and execute strategies that enable it to become more profitable. ▶ Organization should be careful and recognize the opportunities and grasp them whenever they arise. Opportunities may arise from market, competition, industry/government and technology. ▶ Examples - Rapid market growth, Rival firms are complacent, Changing customer needs/tastes, New uses for product discovered, Economic boom, Government deregulation, Sales decline for a substitute product . 	<ul style="list-style-type: none"> ▶ External elements in the environment that could cause trouble for the business - External factors, beyond an organization's control, which could place the organization's mission or operation at risk. ▶ Arise when conditions in external environment jeopardize the reliability and profitability of the organization's business. ▶ Compound the vulnerability when they relate to the weaknesses. Threats are uncontrollable. When a threat comes, the stability and survival can be at stake. ▶ Examples - Entry of foreign competitors, Introduction of new substitute products, Product life cycle in decline, Changing customer needs/tastes, Rival firms adopt new strategies, Increased government regulation, Economic downturn.
WEAKNESSES	STRENGTHS
<ul style="list-style-type: none"> ▶ Characteristics that place the firm at a disadvantage relative to others. ▶ Detract the organization from its ability to attain the core goal and influence its growth. ▶ Weaknesses are the factors which do not meet the standards we feel they should meet. However, weaknesses are controllable. They must be minimized and eliminated. ▶ Examples - Limited financial resources, Weak spending on R & D, Very narrow product line, Limited distribution, Higher costs, Out-of-date products / technology, Weak market image, Poor marketing skills, Limited management skills, Under-trained employees. 	<ul style="list-style-type: none"> ▶ Characteristics of the business or a team that give it an advantage over others in the industry. ▶ Positive tangible and intangible attributes, internal to an organization. ▶ Beneficial aspects of the organization or the capabilities of an organization, which includes human competencies, process capabilities, financial resources, products and services, customer goodwill and brand loyalty. ▶ Examples - Abundant financial resources, Well-known brand name, Economies of scale, Lower costs [raw materials or processes], Superior management talent, Better marketing skills, Good distribution skills, Committed employees.

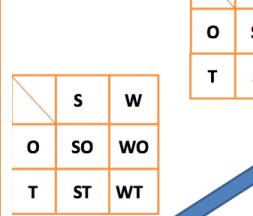
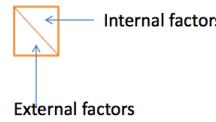
Assume that a car manufacturing company has recently launched its electrical vehicle (EV) products. Perform a SWOT analysis for the same.



Ques7) Explain TOWS Matrix with a suitable example.

Internal factors External factors	Internal strengths (S) e.g., strengths in management operations, finance, marketing, R&D, engineering	Internal weaknesses(W) e.g., weaknesses in areas shown in the box of "strengths"
External Opportunities (O) (Consider risks also) e.g., current and future economic condition, political and social changes, new products, services and technology	SO strategy: Maxi-Maxi Potentially the most successful strategy, utilizing the organization's strengths to take advantage of opportunities	WO strategy: Mini-Maxi e.g., Developmental strategy to overcome weaknesses in order to take advantage of opportunities
External threats (T) e.g., lack of energy, competition, and areas similar to those shown in the "opportunities" box above	ST strategy: Maxi-Mini e.g., use of strengths to cope with threats or to avoid threats	WT strategy: Mini-Mini e.g., retrenchment, liquidation, or joint venture to minimize both weaknesses and threats

Dynamics of the TOWS Matrix



TOWS Matrix

It has four alternative strategies

- The WT Strategy
- The WO Strategy
- The ST Strategy
- The SO Strategy