

**Academic year 2024-2025 (ODD Sem)****DEPARTMENT OF
INDUSTRIAL ENGINEERING & MANAGEMENT**

Date	25-11-2024	Maximum Marks	10 + 50
Course Code	HS251TA	Duration	30 + 90 Min
Sem	V	CIE – I Scheme & Solution	
Principles of Management and Economics			

Note:

1. Answer all the Questions.

Sl. No.	Questions	M	BT	CO
Part – A				
1	Directing.	01	1	1
2	Effectiveness in management refers to the degree to which an organization successfully achieves its goals and objectives. It involves doing the right tasks and ensuring that activities align with strategic aims to produce desired outcomes.	01	1	1
3	Quantitative.	01	1	1
4	The specific situation and environment	01	1	2
5	Henri Fayol	01	1	1
6	TQM relies on quantitative methods to assess and improve quality continuously, ensuring that customer needs are met through data-driven decision-making and process optimization.	01	1	2
7	Fiscal policy stimulates the economy by increasing government spending or reducing taxes to boost aggregate demand.	01	1	4
8	The government collects taxes from households and businesses and provides goods and services in return.	01	1	4
9	GDP, inflation, unemployment, Fiscal Policy, Monetary Policy, Exchange Rates.	02	1	5
Part –B				
1 a	Findings of the Hawthorne Studies: <ul style="list-style-type: none">• Hawthorne Effect: Demonstrated that employees' productivity increases when they know they are being observed.• Social and Psychological Factors: Revealed that factors such as attention from management, group dynamics, and employee recognition significantly impact productivity. Reshaping Management Practices: <ul style="list-style-type: none">• Shift from Mechanical to Human-Centric Management: Managers began to focus more on employee relations, recognizing the importance of addressing workers' social and psychological needs.• Increased Emphasis on Communication: Open lines of communication between managers and employees became a priority to foster trust and collaboration.• Focus on Employee Well-being: Organizations started implementing practices aimed at improving job satisfaction, such as better working conditions, recognition programs, and opportunities for personal growth.	06	4	1

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	<p>Influence on Modern Employee Motivation:</p> <ul style="list-style-type: none">• Motivation Theories: The Hawthorne Studies laid the groundwork for theories like Maslow's Hierarchy of Needs and Herzberg's Two-Factor Theory, which emphasize the importance of fulfilling psychological and self-fulfillment needs.• Employee Engagement: Modern management practices stress the importance of engaging employees through meaningful work, autonomy, and opportunities for advancement.• Recognition and Reward Systems: Organizations implement various reward systems to acknowledge and incentivize employee contributions, boosting morale and productivity. <p>Influence on Teamwork Strategies:</p> <ul style="list-style-type: none">• Team-Based Structures: Encouraging teamwork and collaborative efforts became integral to organizational design, promoting a sense of belonging and shared responsibility.• Group Dynamics Understanding: Managers are trained to understand and manage group dynamics, facilitating effective teamwork and conflict resolution.• Empowerment and Participation: Employees are given more autonomy and are encouraged to participate in decision-making processes, enhancing teamwork and collective problem-solving. <p>Conclusion: The Hawthorne Studies fundamentally shifted management focus from purely physical and mechanical aspects to the human and social dimensions of work. This transformation has led to more holistic management practices that prioritize employee motivation and effective teamwork, thereby enhancing overall organizational performance and employee satisfaction.</p>			
1 b	<p>Contingency Theory: Management practices must adapt to situational factors like organizational size, culture, or external conditions. The Contingency Theory of management suggests that there is no universal set of principles or practices that work effectively in all situations. It recognizes that organizations, their environments, and the problems they face are diverse and dynamic, making it necessary to tailor management practices to fit specific circumstances. This theory refutes the idea of a "one-size-fits-all" approach by emphasizing the need for flexibility and adaptability in managerial decision-making.</p> <p>Examples:</p> <ul style="list-style-type: none">• A hierarchical structure works well in manufacturing but not in creative industries.• Flexible leadership styles are needed during a crisis compared to routine operations. <p>It highlights the need for tailored approaches based on specific circumstances.</p>	04	3	2
2	<p>Classical Approach:</p> <ul style="list-style-type: none">• Focus: Emphasizes organizational structure, efficiency, and productivity through rational processes.• Key Theories: Scientific Management (Taylor), Administrative Theory (Fayol), Bureaucracy (Weber).• Productivity Enhancement: Achieved by optimizing workflows,	10	2	1



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	<p>standardizing tasks, and implementing strict hierarchical structures.</p> <ul style="list-style-type: none">• Strengths: Improves efficiency, clarifies roles, and establishes clear authority lines. <p>Behavioral Approach:</p> <ul style="list-style-type: none">• Focus: Centers on human relations, employee motivation, and the social aspects of work.• Key Studies: Hawthorne Studies, Organizational Behavior (OB) theories.• Productivity Enhancement: Achieved by improving employee satisfaction, fostering teamwork, and addressing psychological needs.• Strengths: Enhances employee morale, encourages creativity, and reduces turnover. <p>Comparison:</p> <ul style="list-style-type: none">• View of Employees: Classical views employees as parts of a machine to be optimized, while Behavioral views them as individuals with needs and motivations.• Management Style: Classical favors top-down, authoritarian management; Behavioral supports participative and democratic styles.• Primary Concern: Classical is concerned with "how" tasks are done efficiently; Behavioral focuses on "why" employees behave a certain way and how to motivate them. <p>Limitations in Modern Workplaces:</p> <ul style="list-style-type: none">• Classical Approach:<ul style="list-style-type: none">○ Rigid Structure: May stifle creativity and adaptability in dynamic environments.○ Employee Disengagement: Overemphasis on control can lead to low morale and high turnover.• Behavioral Approach:<ul style="list-style-type: none">○ Less Focus on Efficiency: May neglect the need for structured processes and clear hierarchies.○ Subjectivity: Relies on understanding complex human behaviors, which can be less predictable and harder to manage systematically. <p>Conclusion: While the Classical Approach effectively enhances efficiency and organizational structure, it often overlooks the human element, leading to potential employee dissatisfaction. Conversely, the Behavioral Approach prioritizes employee well-being and motivation, fostering a more engaged workforce but may sometimes lack the necessary focus on process optimization. Modern workplaces benefit from integrating both approaches to balance efficiency with employee satisfaction.</p>			
3	<p>POSDCORB stands for Planning, Organizing, Staffing, Directing, Coordinating, Reporting, and Budgeting, representing the key functions of management. Each component plays a crucial role in ensuring both efficiency (doing things right) and effectiveness (doing the right things):</p> <ul style="list-style-type: none">• Planning: Establishes goals and outlines the steps to achieve them, providing direction and reducing uncertainties.• Organizing: Arranges resources and tasks in a structured manner,	10	3	1

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	<p>ensuring optimal resource utilization.</p> <ul style="list-style-type: none">• Staffing: Involves recruiting and training the right people, which is vital for executing plans effectively.• Directing: Guides and motivates employees, fostering a productive work environment.• Coordinating: Ensures all departments and activities are aligned, preventing overlaps and conflicts.• Reporting: Provides feedback and information flow, enabling timely adjustments and informed decision-making.• Budgeting: Allocates financial resources efficiently, ensuring that funds are available for essential activities. <p>Ensuring Efficiency and Effectiveness:</p> <ul style="list-style-type: none">• Efficiency is achieved through organized resource allocation, minimizing waste, and optimizing processes.• Effectiveness is ensured by aligning activities with organizational goals, selecting the right personnel, and adapting to changes. <p>Challenges if a Function is Underperformed:</p> <ul style="list-style-type: none">• Neglecting Planning: Leads to unclear objectives, misaligned activities, and inefficient use of resources.• Poor Organizing: Causes resource misallocation, duplication of efforts, and operational bottlenecks.• Inadequate Staffing: Results in skill mismatches, low employee morale, and reduced productivity.• Weak Directing: Causes lack of motivation, unclear instructions, and decreased employee engagement.• Faulty Coordinating: Leads to departmental silos, conflicts, and inconsistent outcomes.• Incomplete Reporting: Hinders performance tracking, delaying problem identification and resolution.• Ineffective Budgeting: Results in financial constraints, inability to fund critical projects, and overspending. <p>Conclusion: Each POSDCORB function interrelates to create a cohesive management framework. Underperformance in any one area disrupts the entire system, undermining both efficiency and effectiveness. Managers must balance all functions to maintain organizational health and achieve strategic objectives.</p>			
4	<p>Relevance of Systems Theory:</p> <ul style="list-style-type: none">• Holistic View: Systems Theory views an organization as a complex set of interrelated and interdependent parts working together toward a common goal.• Open Systems: Emphasizes that organizations interact with their external environment, adapting to changes and influences from outside factors. <p>Emphasis on Interdependence:</p> <ul style="list-style-type: none">• Integration of Functions: Encourages the integration of various departments and functions, ensuring that changes in one area consider impacts on others.• Collaboration: Promotes cross-functional collaboration, leading to more	10	4	1

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	<p>cohesive and unified organizational efforts.</p> <ul style="list-style-type: none">• Resource Optimization: Recognizes that resources are interconnected, leading to more efficient and effective utilization across the organization. <p>Emphasis on the Environment:</p> <ul style="list-style-type: none">• Adaptability: Encourages organizations to be flexible and responsive to external changes such as market trends, technological advancements, and regulatory shifts.• Proactive Decision-Making: Managers anticipate external factors and incorporate environmental scanning into their strategic planning.• Sustainability: Focuses on long-term viability by considering environmental, social, and economic factors in decision-making. <p>Benefits to Decision-Making:</p> <ul style="list-style-type: none">• Comprehensive Analysis: Decisions are made with a thorough understanding of how different parts of the organization and external factors interact.• Enhanced Problem-Solving: By recognizing interdependencies, managers can identify root causes of issues and implement more effective solutions.• Strategic Alignment: Ensures that decisions align with both internal objectives and external opportunities or threats, fostering strategic coherence.• Risk Management: Facilitates the identification and mitigation of risks arising from environmental changes, enhancing organizational resilience. <p>In summary: Systems Theory remains highly relevant in modern organizations by providing a framework that accounts for the complexity and dynamism of both internal and external environments. Its emphasis on interdependence and environmental interaction enables managers to make more informed, strategic, and adaptive decisions, ultimately leading to sustainable organizational success.</p>			
5	<p>The circular flow model links microeconomics, macroeconomics, and economic systems, showing how their interaction drives economic activity.</p> <ol style="list-style-type: none">1. Microeconomics in the Circular Flow:<ul style="list-style-type: none">○ Households and firms engage in the exchange of goods, services, and factors of production.○ Example: Firms pay wages (micro) to households, who spend it on goods, creating demand.2. Macroeconomics in the Circular Flow:<ul style="list-style-type: none">○ Government policies (e.g., fiscal stimulus) influence overall spending and production.○ Example: Tax cuts increase disposable income, boosting aggregate demand.3. Economic Systems in the Circular Flow:<ul style="list-style-type: none">○ The structure of the economy determines the roles of markets and governments in regulating the flow.○ Example: In a mixed economy, subsidies might support businesses during downturns, while in capitalism, market corrections occur without intervention. <p>Challenges When Components Fail to Work in Harmony:</p>	10	4	5

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	<ul style="list-style-type: none">• Mismatch Between Policies and Market Dynamics:<ul style="list-style-type: none">○ Over-regulation in capitalist systems may stifle growth, while under-regulation in mixed systems can lead to market failures (e.g., financial crises).• Imbalance in Resource Allocation:<ul style="list-style-type: none">○ Inefficiencies arise when resources are not directed to where they are needed most, leading to unemployment or shortages.• Inequality and Economic Disruptions:<ul style="list-style-type: none">○ A focus on micro-level profitability can lead to macro-level instability, such as wealth inequality and social unrest. <p>Conclusion: Microeconomics, macroeconomics, and economic systems must align within the circular flow to ensure stability and growth. Failure to coordinate these components can disrupt the flow of money, goods, and services, hindering economic progress.</p>			
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BT-Blooms Taxonomy, CO-Course Outcomes, M-Marks

Marks Distribution	Particulars		CO1	CO2	CO3	CO4	CO5	L1	L2	L3	L4	L5	L6
	Quiz	Max Marks	04	02	-	2	2	10	-	-	-	-	-
	Test		36	04	-	0	10	-	10	14	26		
