

A. Pooja, after completing studies from London returned to India and started a coffee shop 'Coffeewithpooja' in a mall in New Delhi. The speciality of the coffee shop was the special aroma of coffee and a wide variety of flavours to choose from. The business was neither profitable nor popular. Pooja was keen to find out the reason. She appointed Harsh an MBA from a reputed college, as a Manager to find out the causes for the same. Harsh took feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. He analysed and found out that there were many unnecessary obstructions in between which could be eliminated. He fixed a time for processing the order. He also realised that there were some flavours whose demand was not enough. So, he also decided to stop the sale of such flavours. As a result within a short period Harsh was able to attract the customers.

Identify and explain management techniques used in the above case.

Answer 1

Techniques of scientific management used by Harsh to solve the problem were:

(i) Motion Study

- Meaning : It is a technique to study the movements that are necessary for doing a well defined job.
- It seeks to eliminate unnecessary and wasteful movements so that it takes less time to complete a job efficiently.

(ii) Time Study

- Meaning : It is a technique to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well-defined job.
- It helps in deciding the number of workers to be employed, frame suitable incentive scheme and determine labour costs.

(iii) Simplification of Work

- Meaning: It is a technique to eliminate superfluous varieties, sizes and dimensions of products.
- It leads to reduced inventories, fuller utilization of equipment and increased turnover to reduce costs.

B. The principles of Taylor and Fayol are mutually complementary. One believed that management should share the gains with the workers while the other suggested that employees' compensation should depend on the earning capacity of the company and should give them a reasonable standard of living. Examine the statement and explain the principles of Fayol and Taylor mentioned in the above paragraph.

Answer 2

The two principles that are being regarding in the given paragraph are as follows:

'Harmony not discord': Taylor emphasised that there should be complete harmony between the management and the workers. Both should realise that conflict between them is not going to help any one. Taylor called for a complete Mental Revolution on the part of both the management and workers. To achieve this, management should share the gains of the company if any, with the workers. At the same time workers should work hard and be willing to embrace change for the betterment of the company. He advocated for Mental Revolution i.e. change in mindset of both the management and workers. Both should realise that their objective is one and it lies in the prosperity of the organisation only.

Fayol's principle of fair remuneration: The overall pay and compensation should be fair to both employees and the organisation. The employees should be paid fair wages, which should give them at least a reasonable standard of living. At the same time, it should be within the paying capacity of the organisation. In other words, remuneration should be just, and fair. This will ensure a congenial atmosphere and good relations between workers and management. Consequently the working of the company would be smooth.

In this question : -

(i) 'Harmony, Not Discord' by Taylor: This can be inferred from the line that 'management should share gains with the workers'. Herein, Taylor emphasised that the managers and the workers should maintain a harmonious work environment. They should realise their interdependence and work in amity. He introduced this principle to maintain a peaceful kinship between people. Often it is found that if the workers are deprived of their wishes or demands they generally go on strike. this affect the productivity and the working environment. To dismiss such a situation Taylor was ardent about a mental revolution. It implies a change in the thinking of both the workers and managers. For example, if a worker is having problem with the working hours, he should talk to the manager about it, instead of letting it effect the production (by going on a strike). Similarly, the managers should listen to the workers suggestions and demands rather than ignoring them along with sharing gains of the organisation.

(ii) 'Remuneration of Employees by Fayol: This can be inferred from the line that 'the employees compensation should depends on the earning capacity of the company and should give them a reasonable standard of living'. According to this principle, the

compensation paid to the employees should be fair and just. That is the employees must be paid appropriately as per their work responsibility. They must be able to lead a reasonable and a decent standard of living. It is only when the employees are paid adequately that they are satisfied and are encouraged to give their best of work. On the other hand, underpaid employees would remain unsatisfied and would tend to leave the firm. As a result, the firm would face high employee turnover. Thus, in order to maintain stability and harmony in the organisation, the remuneration paid to the employees should be fair. However, it must be remembered that the compensation paid should be within the paying capacity of the organisation.

C. Shyam opened a jewelers showroom in Delhi after completing a course in jewelry designing. He has employed fifteen persons in his showroom. For greater productivity, He divides the work into small tasks and each employee is trained to perform his/her specialised job. The sales persons are allowed to close a deal with a buyer by giving a maximum of 10% discount, whereas the decision to give any further discount rests with Shyam as the final authority. In the earlier days of starting the business, Seven of his employees were asked to put in extra hours of work. In return he had promised to give them a special incentive within a year. Therefore, after six months when the business was doing well, he awarded a cash bonus to each of these employees to honour his commitment. However, when it comes to settling the conflicts among his employees, he tends to be more biased towards his male employees.

In context of the above case:

1. Identify and explain the various principles of management that are being applied by Mohit by quoting lines from the paragraph.
2. Identify and explain the principle of management which is being violated by Mohit by quoting lines from the paragraph.
3. State the effect of the violation of the principle of management by Mohit as identified in part(b) of the question.

Answer 3

a)

By examining the above case, the Principles of Management that are being followed:

1. Division of work : "For greater productivity, He divides the work into small tasks and each employee is trained to perform his/her specialized job" This line highlights the division of work among the employees. Dividing work among the workforce helps improve the quality of the overall product. Henri Fayol said that specialization in work increases the productivity and improves efficiency. Division of labour also leads to the specialization, accuracy, and speed of the workers. This principle is applicable both in managerial as well as technical work. Fayol presented work specialization as the best way to use the human resources of the organization. When employees are specialized, output can increase because they become increasingly skilled and efficient.

2. Authority and Responsibility "the decision to give any further discount rests with Shyam as the final authority."

These are the two key things in management. They work hand in hand. While authority enables the management to delegate work, responsibility makes them accountable for any work done under their leadership.

Henri Fayol said that the power of authority accompanying responsibility gives the management the right to order subordinates along with a duty to be liable for acts of their subordinates.

3.Principle of centralization and decentralization : “The sales persons are allowed to close a deal with a buyer by giving a maximum of 10% discount”
This principle refers to how close employees are to the decision-making process. It is important to aim for an appropriate balance.

4.Remuneration

Quoting following lines from the case “In the earlier days of starting the business, Seven of his employees were asked to put in extra hours of work. In return he had promised to give them a special incentive within a year. Therefore, after six months when the business was doing well, he awarded a cash bonus to each of these employees to

honour his commitment” Here , the principle that is followed is remuneration.

According to Fayol, the overall pay and compensation should be fair and equitable to both employees and the organisation. The employees should be paid fair wages so that they are able to maintain at least a reasonable standard of living. At the same time it should be within the paying capacity of the company. This will ensure pleasant working atmosphere and good relations between workers and management.

5) subordination of individual interest to general interest

b)

The principles being violated by Mohit are :

1. Equity : “However, when it comes to settling the conflicts among his employees, he tends to be more biased towards his male employees.”
Here , the principle of equity which states that All employees should be treated as equally as possible is violated. According to Fayol, “Good sense and experience are needed to ensure fairness to all employees, who should be treated as fairly as possible.” This principle emphasizes on kindness and justice in the behaviour of managers towards workers. The managers should not discriminate against anyone on account of gender, religion, language, caste, belief or nationality etc. Managers should be fair to staff at all times, both maintaining discipline as necessary and acting with kindness where appropriate.

c)

One effect of the violation of the Principle of Equity is that it may lead to job dissatisfaction among the male workers.

It can lead to decrease in interest of male workers in this company, and it will lead to competence amongst the males.

***D. “Non-financial incentives are as strong motivators as the financial ones”.
Critically examine this statement.***

Answer 4

Motivation can be broadly classified on 3 bases-

- 1- Positive or Negative
- 2- Extrinsic or Intrinsic
- 3- Financial or Non Financial

In this question we are examining the Financial and Non Financial motivators. As the name suggests, Financial Motivators are directly associated with money which includes salaries, bonuses, retirement funds etc. Whereas Non Financial motivators aren't associated with money but they include intangible incentives like self-actualisation, ego satisfaction and responsibility.

Money always plays an important role in motivating people, however such incentives may not always be motivating. In many cases the salaries are to be increased in order to keep the workers motivated. Money provides satisfaction to physiological needs and safety needs which are called hygienic factors by Herzberg. They do not provide an on job satisfaction and hence aren't motivating enough.

When the physiological and the hygienic needs are satisfied by money, its no longer a motivating force, and hence termed as maintenance. So in order to motivate the workers, Non Financial incentives are important and they are described as follows-

1- Appreciation of work done- Recognition of good work satisfies one's ego. Sometimes it is more important than any other incentive as it creates a good motivating force.

2- Competition- Healthy competition among employees helps them achieve their goals faster than normal.

3- Knowledge of results- If the employees have knowledge of the results, it leads to their satisfaction and hence motivates them to do better. For example, if the production workers know the ratings of the products they make, they'll get motivated to do better.

4- Worker's participation in management- It provides a strong motivation to employees as it gives them satisfaction that their voice is heard and they have a part to say too. It creates a sense of importance.

5- Suggestion system- Suggestion or feedback system also helps create a feeling of importance as the employer cares about what his employees go through.

6- Opportunity for growth- If employees are provided opportunities for growth and advancement, they feel very much motivated as its good for their personality development.

From all these points, we can conclude that Non-financial incentives are as strong motivators as the financial ones