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PRINCIPLES OF MANAGEMENT

Question 1:

'F' limited was engaged in the business of food processing and selling its products under a popular brand. Lately the business was expanding due to good quality and reasonable prices. Also with more people working the market for processed food was increasing. New players were also coming to cash in on the new trend. In order to keep its market share in the short run the company directed its existing workforce to work overtime. But this resulted in many problems. Due to increased pressure of work the efficiency of the workers declined.

Sometimes the subordinates had to work for more than one superior resulting in declining efficiency. The divisions that were previously working on one product were also made to work on two or more products. This resulted in a lot of overlapping and wastage. The workers were becoming undisciplined. The spirit of teamwork, which had characterised the company, previously was beginning to wane. Workers were feeling cheated and initiative was declining. The quality of the products was beginning to decline and market share was on the verge of decrease.

Actually the company had implemented changes without creating the required infrastructure.

Questions

1. Identify the Principles of Management (out of 14 given by Henry Fayol) that were being violated by the company.
2. Explain these principles in brief.
3. What steps should the company management take in relation to the above principles to restore the company to its past glory?

ANSWER:

1. The principles of management that are being violated in the given situation are as follows.

i. **Quote 1:** Sometimes the subordinates had to work for more than one superior resulting in declining efficiency.

Principle: Unity of command- This is evident from the situation that the employees are made to work for more than one superior.

ii. **Quote 2:** The divisions that were previously working on one product were also made to work on two or more products.

Principle: Division of work- In the given situation one division is made to work on more than one product which leads to wastages.

iii. **Quote 3:** The workers were becoming undisciplined.

Principle: Discipline- In the given instance, principle of discipline is not being followed as workers were becoming undisciplined.

iv. **Quote 4:** The spirit of teamwork, which had characterised the company, previously was beginning to wane.

Principle: Espirit de corps- It is given that the spirit of team work is declining in the company.

v. **Quote 5:** Workers were feeling cheated and initiative was declining.

Principle: Initiative- It is given in the situation that initiative is declining and employees are discouraged.

2.

i. **Unity of Command:** According to this principle, an individual should be answerable to only one boss. If an employee receives orders from more than one superior, the employee will be confused about whose orders to follow, which will affect the work. It might also cause a clash of interests and egos among the superiors.

ii. **Division of work:** Division of work means that the given task is divided into small groups or units so that the task is completed in a competent manner. This principle leads to specialisation in work.

iii. **Discipline:** Discipline means that the organisation should follow rules and regulations and ensure conformity to the set rules and policies. It is important for both the workers as well as the management that they honour their commitments.

iv. **Espirit de corps:** This principle recommends that employees should work in unity with each other. They should work as a team. In other words, team spirit should be promoted by the manager. Each employee should have a sense of belongingness. This proves useful especially in large organisations where without team work, achievement of objectives would become difficult. Team spirit increases coordination and mutual understanding among the employees and thereby improves efficiency.

v. **Initiative:** According to this principle, workers should be given enough motivation and incentive to work. They should be inspired to come up with suggestions regarding the work. Although initiatives should be encouraged, but they should be in line with the practices and rules of the organisation. For example, the managers can ask the

workers for their inputs over how to increase efficiency. Also, good suggestions can be rewarded.

3. The steps that can be taken by the company with regard to above mentioned principles are as follows.

1. Scientific management must be followed.
2. It must be ensured that the subordinates get instruction from only one superior at a time so as to avoid any confusion and chaos.
3. There must be specialisation in work in the sense that each division specialises in one particular task. This is required to avoid overlapping in work.
4. Workers must be given proper incentives and motivation to work through such measures as differential piece wage system.
5. Team work with proper coordination and understanding must be promoted.

Question 2:

The management of company 'F' Limited now realised its folly. In order to rectify the situation it appointed a management consultant 'M' consultants to recommend a restructure plan to bring the company back on the rails. 'M' consultants undertook a study of the production process at the plant of the company 'F' limited and recommended the following changes —

1. The company should introduce scientific management with regard to production.
2. Production Planning including routing, scheduling, dispatching and feedback should be implemented.
3. In order to separate planning from operational management 'Functional foremanship' should be introduced.
4. 'Work study' should be undertaken to optimise the use of resources.
5. 'Standardisation' of all activities should be implemented to increase efficiency and accountability.
6. To motivate the workers 'Differential Piece Rate System' should be implemented.
7. The above changes should be introduced apart from the steps recommended in case problem-1 (as an answer to question no 3 of that case problem).

It was expected that the changes will bring about a radical transformation in the working of the company and it will regain its pristine glory.

Questions

1. Do you think that introduction of scientific management as recommended by M consultants will result in intended outcome?
2. What precautions should the company undertake to implement the changes?

Give your answer with regard to each technique separately as enunciated in points 1 through 6 in the case problem.

ANSWER:

1. Yes, the scientific management techniques as suggested by 'M consultants' would prove helpful for the organisation. With the implementation of scientific management techniques the company would be able to work according to standardised techniques and tools. This would help improve both the quantity as well as the quality of the product. At the same time it would also help in reducing the costs. In this way scientific management would help in improving the effectiveness as well as efficiency in work.

2. The following precautions can be taken by the M consultants.

- i. Fresh trained and specialised staff can be recruited for certain specific areas. In addition the existing staff can also be given proper training.
 - ii. Production should be planned properly and with utmost care.
 - iii. In the introduction of functional foremanship care must be taken that there is enough incentive and motivation for the employees.
 - iv. Besides work study, other studies such as method study, motion study, time study and fatigue study should be undertaken.
 - v. Technique of standardisation can be used for different aspects of production.
 - vi. Monetary incentives can be given to motivate the employees to work more and with better efficiency.
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