

## **Chapter-2**

# **Principles of Management**

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### **VERY SHORT ANSWER TYPE QUESTIONS (1 MARK)**

**1. How are management principles derived?**

**Ans.** Management principles are derived through observation and analysis of events.

**2. Give anyone difference between Principle and Technique.**

**Ans.** Principles are guidelines to take decision whereas techniques are methods to take action.

**3. What is meant by 'Universality of management principles'?**

**OR**

**Why is it said that management principles are universal?**

**Ans.** This it means that they are applicable to all kinds of organizations.

**4. The principles of management aren't rigid and can be modified when the situation demands. Which nature of principles is being discussed here?**

**Ans.** Flexibility.

**5. Define scientific management.**

**Ans.** Application of a scientific approach to managerial decision making.

**6. List any two principle of 'Scientific Management' formulated by Taylor for managing an organization scientifically.**

**Ans.** (i) Science, not Rule of Thumb. (ii) Harmony, not Discord.

**7. Factory owners or managers relied on personal judgment in attending to the problems they confronted in the course of managing their work. Which principle of Taylor is it referring to ?**

**Ans.** 'Rule of thumb'

**8. What do you mean by Mental Revolution?**

**Ans.** Mental Revolution means revolutionary change in the attitude of both workers and

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managers from competition to cooperation.

**9. Principle of cooperation, not individualism, is an extension of which principle given by Fayol?**

**Ans.** Principle of Harmony, not discord.

**10. What is the aim of Method study?**

**Ans.** Aim is to find one best method of doing the job.

**11. What is the aim of doing motion study?**

**Ans.** The aim of this study is to eliminate unnecessary movements so as to ensure timely completion of work.

**12. What is the purpose of time study?**

**Ans.** To estimate/ determine a fair day's work.

**13. Name the techniques of Taylor which is the strongest motivator for a worker to reach standard performance.**

**Ans.** Differential Piece Wage system.

**14. The directors of XYZ limited, an organization manufacturing computer, want to double the sales and have given the responsibility to the sales manager. The sales manager has no authority either to increase sales expense or appoint new salesmen. Hence, he could not achieve this target. Identify the principle violated in this situation.**

**Ans.** Principle of Authority and Responsibility.

**15. A company manufacturing motorcycles and cars should have separate divisions for both, headed by separate divisional managers, separate plans and resources. Identify the principle with the help of this example.**

**Ans.** Unity of Direction.

### **SHORT ANSWER TYPE QUESTIONS (3 OR 4 MARKS)**

**1. What do you mean by management principles?**

**Ans.** Principles are statements of fundamental truths about some phenomena and serve as a guide for thoughts and actions. They establish cause and effect relationship. Management Principles are the fundamental statements of truth that provide guidelines to the managers for decision making and actions. These enable the managers to manage the enterprises in

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"3E way" viz 'economically', 'effectively' and 'efficiently'. These act as guide for managers and sharpen their skills and competence. For example, principle of division of labor increases the efficiency of workers which ultimately leads to economy and effectiveness in the organization.

**2. How are management principles derived?**

**OR**

**"Management principles are evolutionary." Explain.**

**OR**

**"Derivation of management principles may be said to be a matter of science." Explain.**

**Ans.** Management principles are not made in heavens; they have emerged gradually, through an evolutionary process of combining deep observations and experimental studies.

**(i) Observation method**

Under this method, practical events are observed and analyzed by managerial researchers to derive management principles. For example, it was observed that by dividing the work into different units, efficiency of employees improved. As a result, it led to formulation of principle of 'division of labor'.

**(ii) Experimental method**

Under this method, experiments are conducted so that management principles can be derived and their validity can be tested. For example, two units, one unit involving one superior and one subordinate and other unit involving two superiors and one subordinate, were taken. It was found that unit having one superior and one subordinate performed better. As a result, it led to formation of principle of "unity of command." From the above it can be concluded that observations and experiments result in the formulation of management principles which therefore are evolutionary. Hence, derivation of management principles can be said to be a matter of Science. It is worth mentioning here that even though derivation of management principles is a matter of science; their application remains a matter of art. The success of managers depends upon how skillfully they put these principles into practice.

**3. Give three points reflecting the nature of management principles.**

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**Ans.** Management principles are (any three):

- (i) Universal in application.
- (ii) General guidelines.
- (iii) Flexible and can be applied differently under different conditions.
- (iv) Formed by practice and experimentation.
- (v) Establish cause and effect relationships.

**4. "Principles of management achieve results economically." Explain?**

**Ans.** Management principles help in setting realistic objectives for the business because the objectives are set with the participation of employees. Hence, the employees work to their full potential and their commitment level increases because objectives of organization become their own objectives. For example, the principle of maximum output rather than restricted one ensures more output. More output lowers cost per unit and hence profit per unit increases.

**5. Define scientific management and name any three of its principles.**

**Ans.** According to Taylor, "Scientific management means knowing exactly what you want your men to do and seeing that they do it in the best and cheapest way". Three principles of scientific management are as follows:

- (i) Science, not rule of thumb
- (ii) Harmony, not discord.
- (iii) Cooperation, not individualism.

**6. Explain the objectives of standardization.**

**Ans.** Standardization is done for the following reasons:

- (i) To ensure that a given product range has fixed types, sizes, characteristics etc.
- (ii) To bring about interchangeability, for manufactured parts, output, developments etc. among various branches.
- (iii) To set uniform standards of performance for men, machines etc.

**7. Which technique of Taylor suggests that each worker should be supervised by specialists? Give the designations of any four specialists suggested by him.**

**Ans.** The technique of functional foremanship suggests that each worker should be supervised by specialists. These specialists' designations are follow.

- (i) Instruction Card Clerk

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- (ii) Route Clerk
  - (iii) Time and Cost Clerk
  - (iv) Disciplinarian

**8. 'Discipline is double-edged tool' Comment.**

**Ans.** Discipline is a double-edged tool. It is expected to strike a balance between enforcing the discipline on one hand and motivating employees on the other. Personnel entrusted with enforcing it are expected to be competent and capable of achieving this balance. Employees must honor the commitment made by them and management must meet its promises to increase wages declaration of bonus etc. To achieve proper discipline, skilled superiors at all levels, clear and fair agreements and judicious application of penalties etc. are required.

**9. Explain the principle of unity of direction.**

**Ans.** This principle suggests that in an organization there should be one head and one plan for a group of activities having the same objective. This helps in bringing unity of action and coordination in an organization. If a company is manufacturing two different products then it should have two separate divisions or departments for both the products. Each division or department should have their separate in-charge, plans and execution resources etc.

**10. An organization follows the principles of management. What are the adverse effects of each of the following principles of management on the organization?**

**(i) Unity of Command**

**(ii) Order**

**(iii) Stability of tenure of personnel**

**Ans.** Adverse effects of said principles are:

**(i) Unity of Command:** If this principle is followed, work gets delayed which results in wastage of time and cost.

**(ii) Order:** It creates boredom among the employees due to rigidity provided by this principle.

**(iii) Stability of personnel:** If employees are not rotated on different jobs frequently, they can specialize only in a small part of the whole process of production and thus can never become versatile.

**11. Explain how principles of management**

- i) Help the managers in taking scientific decisions

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ii) Provide the managers with useful insights into real world situations

**Ans.** Explanation of relevant sub-headings from significance of principles of management.

### **LONG ANSWER TYPE QUESTIONS (5 OR 6 MARKS)**

#### **1. Explain the nature of management principles.**

**Ans.** Nature of management principles can be described as follows:

**(i) Universal Applicability:** The principles of management are applicable to all types of organizations irrespective of their size and nature.

**(ii) General Guidelines:** They are only guidelines for action and don't provide direct or readymade solution for a managerial problem.

**(iii) Formed by practice and experimentation:** The principles of management have been developed through experimentation as well as experience and wisdom of managers.

**(iv) Flexible:** They are flexible i.e. they can be modified by the managers according to a given situation.

**(v) Mainly behavioral:** They are mainly behavioral in nature since they are devised to influence human behavior.

**(vi) Cause and effect relationship:** The principles of management establish relationship between cause and effect. They guide us as to what would be the effect if a particular principle were to be applied in a given situation.

**(vii) Contingent:** The use of principles of management is contingent or dependent upon the prevailing conditions.

#### **2) Explain the importance of management principles.**

**Ans.** The importance of management principles can be understood by considering the following points:

**(i) Provide useful insight to manage:** Principles of management help in increasing managerial efficiency by adding to their knowledge and ability to understand the various situations more objectively.

#### **(ii) Optimum Utilization of Resources and effective administration:**

Management principles help in organizing various activities in such a way that results in elimination of unwanted activities and consequent wastage. Management principles help in managing organizations effectively. For example, Unity of Command helps to avoid confusion and conflicts Unity of Direction ensures unity of actions to facilitate coordination.

**(iii) Scientific decisions:** They help the managers in taking the decisions based on the

objective assessment of a situation. Thus decisions taken are logical and free from any bias and prejudice

**(iv) Meeting changing environment requirements:** Though the principles are only guidelines for action yet they can be modified according to the need of changing situations. Thus principles of management help in meeting changing requirements of the environment.

**(v) Fulfilling social responsibilities:** Principles of management have been devised in such a way that they help in fulfilling social responsibilities.

**(vi) Management training, education and research:** Principles of management are the fulcrum of management theory so that they are used as a basis for management training, education and research.

**3. Taylor's principles of scientific management and Fayol's principles of management are mutually complementary." Do you agree with this view? Give any four reasons in support of your answer.**

**Ans.** Yes, Taylor's principles of scientific management and Fayol's principles of management are mutually complementary because of the following reasons:

<b>Basis</b>	<b>Taylor</b>	<b>Fayol</b>
1. Personality	Taylor was a scientist	Fayol was a practitioner
2. Perspective	Taylor's principles & techniques are based on bottom upward approach	Fayol's principles are based on top downward approach
3. Scope and Applicability	Taylor's principles & techniques are relevant mainly with respect to production activities	Fayol's principles have wider relevance in all functional areas
4. Focus	Taylor's' principles & techniques are focused on workers' efficiency and production.	Fayol's principles are focused on improving overall management efficiency.
5.Modifications	Taylor's techniques are more specific in nature and should be applied without any modification and only	Fayol's principles are more general in nature & can be applied in most of the organizations with

	in specific conditions	some modifications.
6. Expression	Taylor expressed his thoughts and views under the theory of scientific management	Fayol expressed his ideas as the general theory of management.
Basis of Difference	Principle of Management	Principles of Science
1. Nature	They are flexible	They are rigid.

### QUESTIONS WITH DIFFERENT DIFFICULTY LEVELS

**1. ‘Principles of Management are different from those used in pure science’. Write any one difference. (1)**

**Ans.**The principle of management are not universal in their Application while those in pure science are universal

**2. Which principle does functional foreman ship violate? (1)**

**Ans.** Unity of command

**3. Give any one effect of principle of division of work? (1)**

**Ans.** Specialization, speed, accuracy.

**4. A sales person is asked to finalize a deal with customer. The marketing manager allows him to give a discount of up to 10% but the Finance Manager allows him to give discount of upto 25%. Which principle is violated here? (1)**

**Ans.** Unity of Command.

**5. “Workers should be encouraged to develop and carry out theirplans for development.” Identify the principle of management formulated by Fayol. (1)**

**Ans.** Principle of Initiative



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**6. State any three reasons as to why proper understanding of management principles is necessary.(3 or 4)**

**Ans.** Proper understanding of management principles is necessary because of the following reasons (any three):

- (a) They provide managers with useful insight into reality.
- (b) They help in optimal utilization of resources and effective administration.
- (c) They help in meeting environment requirements.
- (d) They are used as basis for management training, education and research.

**7. How do management principles ensure optimum utilization of resources and effective administration?(3 or4)**

**Ans.** In every organization, resources such as men, machine, material and money play a vital role. Management principles are designed in such a way that maximum benefits from these resources can be achieved minimum resources wastage. Along with this, the principles of management also help in establishing effective administration by limiting the boundary of managerial discretion that their decisions may be free from personal biases. For example, while deciding the annual budget for different departments, a manager is required to follow the principle of contribution to organizational objectives and not personal preferences.

**8. Explain briefly the technique of fatigue study?(3or4)**

**Ans.** Fatigue study determines the amount and frequency of rest intervals in completing a task. Workers cannot work at a stretch. After putting in work for a certain periods of time, they reel tired which affects their performance. If they are allowed rest intervals, they will regain their stamina and will resume their work with greater efficiency.

**9. Give positive effects of the principle of 'discipline'. (3or4 )**

**Ans.** Positive effects of the principle of 'discipline' are as under:

- i) Improves efficiency of the employees.
- ii) Systematic work in the organization.
- iii) Ensuring that penalties are imposed judicially.

**10. Explain the Principle of centralization and decentralization. -[3or 4 marks.]**

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**Ans.** Centralization means concentration of authority in the hands of few people at the top, whereas decentralization means appropriate distribution of power at every level of management. According to Fayol, company must be properly balanced i.e. it should neither be completely centralized nor decentralized. There must be some element of both depending upon the profile of the organization. The panchayat system in our country is a very good example of decentralization at the national level.

**11. Ms. Ritu and Mr. Mohit are Data Entry Operators in a company having same educational qualifications. Ritu is getting Rs. 5,000 per month and Mohit Rs. 6,000 per month as salary for the same working hours. Which principle of management is violated in the case? Name and explain the principle.**

**Ans.** The principle of 'equity' is violated in this case. According to this principle, employees should be given kind, fair and just treatment and there should not be any discrimination based on caste, creed, color, sex etc. Apparently, Ritu is getting less in view of being a female which is against this principle.

**12. Explain the technique 'Functional Foremanship'. (5 or 6)**

**Ans.** Functional foremanship is the extension of the principle of specialization. This technique emphasizes on the separation of planning from execution. To facilitate it, Taylor suggested setting up of "planning in charge" and "production in charge".

#### **FUNCTIONAL FOREMANSHIP**

**Planning Incharge:** The main function of "planning in charge" is to plan all aspects of a job to be performed. It consists of four positions:

- (i) Route clerk:** He determines the sequence to perform various mechanical and manual operations.
- (ii) Instruction card clerk:** He issues instructions to the workers to be followed by them.
- (iii) Time and cost clerk:** He is concerned with the framing of time schedule on the basis of determined route. Also, he keeps the record of the cost of operations.
- (iv) Disciplinarian:** He is concerned with the coordination in each job from planning to successful execution. He enforces rules and regulations and maintains discipline.

**Production Incharge:** It consists of following four specialists who are concerned with the execution of plans.

- (i) Speed Boss:** He checks whether work is progressing as per schedule. He ensures timely and accurate completion of jobs.
- (ii) Gang Boss:** He arranges machines, materials, tools, and equipments properly so that

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workers can proceed with their work.

**(iii) Repair Boss:** He ensures that all machines, tools, equipments are in perfect working order.

**Inspector:** He ensures that the work is done as per the standards of quality set by planning department.

**13. Name and explain that principle of Fayol which suggests that communication from top to bottom should follow the official lines of command.(5 or 6)**

**OR**

**Explain the 'Principle of Scalar Chain' with an example.**

**Ans.** In an organization, the formal lines of authority, from highest to lowest level of all superiors and subordinates, are known as scalar chain. The principle of scalar chain suggests that there should be a clear line of authority from top to bottom, linking superiors and subordinates at all levels. The scalar chain serves as a chain of command as well as communication. In normal circumstances, the formal communication is required to be made by following this chain.

**Scalar Chain and Gang Plank**

**Example:** The above figure shows the scalar chain linking managers at lower levels with the top management. If D has to communicate with G, The message should ordinarily move up through C and B to A, and then down from A to E, F and G.

Above mentioned chain has following disadvantages:

(i) It causes delay in reaching communication to the required level.

(iii) Creates the possibility of distortion of information flow as various levels are involved.

To avoid delays and to remove hurdles in the exchange of information, concept of Gang Plank has been suggested by Fayol, shown by the dotted line joining D and G.

## Important Questions Part-1

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**Q1.** Principles of management intend to establish cause and effect relationships. Is it true for all situations? Give reason. [Hint: No, as it applied to human behaviour]

**Q2.** One of the Principles of scientific management emphasizes that to make the employees learn the best method of production, training to workers is essential. It further emphasized that each person should be scientifically selected and work assigned to the employees should suit physical mental, and intellectual capabilities.

**(a)** Name the principle indicated here.

**(b)** Name two benefits emphasized by following the principle in part (a)

[Hint: **(a)** Development of workers to their greatest efficiency and prosperity.

**(b)** Optimum utilization of resources & providing growth opportunities to all]

**Q3.** The production manager of Bharat Ltd. instructs a salesman to go slow in selling the product whereas the marketing manager is insisting on fast selling to achieve the target?

**(a)** Which principle of management is being violated in this case?

**(b)** What will be the consequence of violation of this principle?

**Q4.** Principles of Taylor and Fayol are mutually Complementary. One believed that the management should share the gain with the workers while the other suggested that employees compensation should depend upon the earning capacity of the company and should give them a reasonable standard of living. Identify and explain the principles of management by Taylor and Fayol referred to in above para?

[Hint: Fayol - Remuneration, Taylor - Harmony not Discord (Mental Revolution)]

**Q5.** Voltech Ltd. is engaged in producing electricity from domestic garbage. There is almost

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equal division of work and responsibility between workers and management. The management even takes workers into confidence before taking important decisions. All the workers are satisfied as the behaviour of management is good.

**(a)** State and explain briefly the principles of management described in above para.

**(b)** Identify the value which the co. wants to communicate to the society.

[Hint: **(a)** “Authority & Responsibility” and “Initiative”

**(b)** Cooperation, respect towards employees.]

**Q6.** 90% staff of ‘Work Well Ltd.’ consists of male employees. The female employees are employed for very basic jobs like receptionists etc. The management is of opinion that female employees cannot contribute atpar with male employees. They pay much lesser salaries to female staff despite the fact that they work for same number of hours.

**(a)** Name the principles of management that is being violated here.

**(b)** State the values ignored by management of Work Well Ltd. (Any two)

[Hint: **(a)** Principles of “Equity” and “Remuneration”

**(b)** Right of Equality]

**Q7.** Production manager of Beta Ltd. took special care of the interest and ability of his subordinates while distributing work among them. He was of the firm opinion that a worker should be given one work again and again so that he may become expert in it. One day he took round of his department and noticed that the workers were not doing their job quickly. On enquiry, he learnt that the workers worked non-stop which main cause of their slow speed. He immediately issued an order that during their working hours, the workers will have an interval to take rest.

**(a)** State the principle of management followed here? Explain.

**(b)** Which technique of scientific management is indicated in above para? Give reason.

[Hint: **(a)** Principle of Division of work

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**(b)** Fatigue study].

**Q8.** Name the principle of management which contradicts “Functional Foremanship”, the technique of scientific management. Explain how the concept contradicts each other.

[Hint: “Unity of Command”].

**Q9.** In a manufacturing co. as many as 100 labourers are working in the production department. Eight specialists have been appointed to look after their work to issue command to them and to listen to their complaints. They give advice to labourers on different issues relating to their work.

**(a)** Which technique of scientific management is being followed here?

**(b)** Which Principle of General management is being ignored in this case.

**(c)** Which value does the co. want to communicate?

**Q10.** Nowadays in schools, students or parents can file their complaints or requests to the respective class teachers and if needed class teacher may discuss the issue with head of department followed by Vice-Principal and if the issue is extremely serious it may taken to the Principal. Which principle of management is indicated here? Explain it with its exception.

## Important Question Part-2

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**1. State the two methods through which management principles have been derived.**

**Ans:** a) Observation method  
b) Experimental method

**2. What is the objective of fatigue study?**

**Ans:** To find out ....  
a) The number of rest intervals.  
b) The frequency of rest intervals.  
c) The duration of rest interval.

**3. “The Principles of management are different from those used in pure science “. Comment.**

**Ans:** The Principles of Management differ from those used in pure science as they are not rigid like principles of pure science since, they deal with human behavior which is unpredictable.

**4. Who Suggested the concept of functional foreman ship?**

**Ans:** F.W.Taylor.

**5. Rohit keeps machines,materials,tools etc,ready for operations by concerned workers’. Whose work is described by this sentence under functional foreman ship?**

**Ans:** Gang Boss

**6. What is meant by flexibility of principles of management?**

**Ans:** The principles of management are not rigid. They can be modified by the manager when the situation so demands.

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**7. What is the latest development in scientific management?**

**Ans:** Lean Manufacturing.

**8. Which principle of management ensures fairness to all employees by treating them as fairly as possible?**

**Ans:** Principle of equity.

**9. What is mental revolution?**

**Ans:** Change in attitude of management & workers towards each other.

**10 A subordinate receives order from more than one boss' . Which principle is violated?**

**Ans:** Unity of command.

**11. Name the founder of modern theory of management?**

**Ans:** Henry Fayol.

**12. according to Taylor “ even a small production activity like loading pigs of iron into boxcars can be scientifically planned and managed “ which principle of his is emphasized here?**

**Ans:** science is not rule of thumb

**13. “the true intentions of management and workers are one and the same and the prosperity of the one cannot exist without the prosperity of the other” which principle of Taylor is being talked about.**

**Ans:** harmony not discord.

**14. what type of organizational objective is satisfied if an organization provides salary to the workers commensurate with their job?**

**Ans:** personal objective

**15. the production manager of a company is trying to produce good with minimum cost.**



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**Name the concept which is being focused by management.**

**Ans:** efficiency

**16 Hina & Hitesh are typists in a company having the same educational qualification. Hina is getting Rs. 3000 per month \$ Hitesh is getting Rs 4000 per month as salary for the same work hours .Which principle of management is violated in this case? Name the principle \$ explain it. [3]**

**Ans.** In this case the 'Principle of Equity' is violated .As both are having same qualification working at same authority level but getting different salaries  
(.Explain the principle of Equity ).

**17 Explain giving reasons under which situations techno of Taylor are not applicable. [3]**

**Ans-** Some techno of Taylor are not universally applicable under some situations. These are:-

(a)Functional Foreman ship-This technique is not applicable in the organizations adopting principle of unity of command.

b) Differential piece rate system: This technique is not possible in organization following principle of equity.

c) Simplification: This technique is not suitable for organizations having objective of diversification and expansion of line of products and varieties develop a differential piece rate plan for a shirt manufacturing company