

BUSINESS STUDIES



Important Questions

Multiple Choice questions-

Question 1. Which of the following is NOT a Principle of management given by Taylor?

- (a) Maximum, not restricted output
- (b) Functional foremanship
- (c) Harmony not discord
- (d) Science, not the rule of the Thumb

Question 2. Which of the following statement best describes the principle of Division of Work?

- (a) Labour should be divided
- (b) Resources should be divided among jobs
- (c) It leads to specialization
- (d) Work should be divided into small tasks

Question 3. She/he keeps machines, materials, tools, etc., ready for operations by concerned workers?. Whose work is described? by this sentence under functional foremanship?

- (a) Instruction Card Clerk
- (b) Repair Boss
- (c) Route Clerk
- (d) Gang Boss

Question 4. How are principles of management formed?

- (a) By experiences of customers
- (b) By propagation of social scientists
- (c) In a laboratory
- (d) By experiences of managers

Question 5. Unity of direction is concerned with _____

- (a) One Head One Plan
- (b) One Head Different Plans
- (c) Planning by Production manager
- (d) Planning by Employees

Question 6. Harmony, Not Discord principle is concerned with _____

- (a) Management should share the gains of the company with workers

- (b) Investigation of Task
- (c) Scientific inquiry
- (d) Observation and Analysis

Question 7. Henri Fayol was a:

- (a) Mining Engineer
- (b) Production engineer
- (c) Accountant
- (d) Social Scientist

Question 8. The main objective of motion study is _____

- (a) To provide more work to the workers
- (b) To find out labour cost
- (c) To eliminate the rest hours of workers
- (d) To eliminate the unproductive motions

Question 9. Principles of management are not:

- (a) Flexible
- (b) Behavioural
- (c) Absolute
- (d) Universal

Question 10. Espirit De Corps means _____

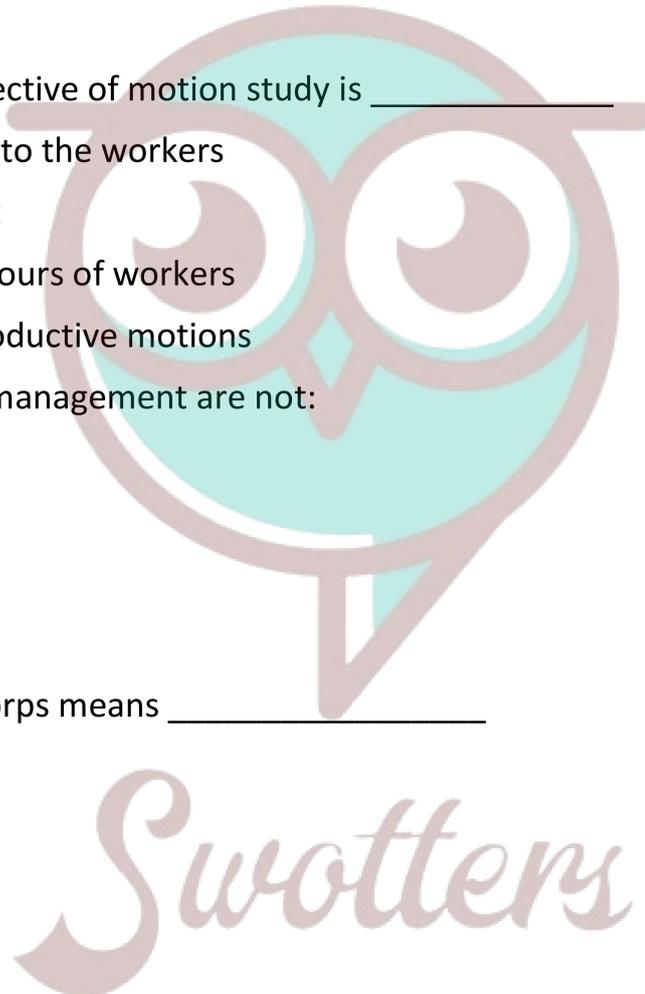
- (a) Union is strength
- (b) Order
- (c) Gang Plank
- (d) Scalar Chain

Question 11. Which of the following is not concerned with F.W. Taylor?

- (a) Motion Study
- (b) Fatigue Study
- (c) Method Study
- (d) Scalar Chain

Question 12. In the management process, the most misinterpreted word is

- (a) Organizing
- (b) Delegating



(c) Controlling

(d) Planning

Question 13. Who is considered as the father of Scientific Management?

(a) Harold Koontz

(b) Henry Fayol

(c) Gilbreth

(d) F.W.Taylor

Question 14. Name the organizational structure that assists in increasing managerial and operational efficiency.

(a) Functional structure

(b) Divisional structure

(c) Both a and b

(d) None of the above

Question 15. Who said, "Management is a multiple purpose organ that manages a business, manages a manager and manages workers and work"?

(a) Harold Koontz

(b) Peter Drucker

(c) Kenneth O'Donnell

(d) Anonymous

Very Short-

1. How are management principles derived?
2. Give any one difference between Principle and Technique.
3. What is meant by 'Universality of management principles'?

OR

Why is it said that management principles are universal?

4. The principles of management aren't rigid and can be modified when the situation demands. Which nature of principles is being discussed here?
5. Define scientific management.
6. List any two principle of 'Scientific Management' formulated by Taylor for managing an organization scientifically.
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 ?

8. What do you mean by Mental Revolution?
9. Principle of cooperation, not individualism, is an extension of which principle given by Fayol?
10. What is the aim of Method study?

Short Questions-

1. What do you mean by management principles?
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.

3. Give three points reflecting the nature of management principles.
4. “Principles of management achieve results economically.” Explain?
5. Define scientific management and name any three of its principles.
6. Explain the objectives of standardization.
7. Which technique of Taylor suggests that each worker should be supervised by specialists? Give the designations of any four specialists suggested by him.
8. ‘Discipline is double-edged tool’ Comment.
9. Explain the principle of unity of direction.
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

Long Questions-

1. Explain the nature of management principles.
2. Explain the importance of management principles.
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.
4. Name the main principles of Management propounded by Henri Fayol and explain any two?
5. Give reasons for or against the Universality of the principle of Management?

Case Study Based Question-

1. Sanchit, after completing his entrepreneurship course from Sweden returned to India and started a coffee shop 'AromaCoffeeCan' in a famous 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. Somehow, the business was neither profitable nor popular. Sanchit was keen to find out the reason. He appointed Sandhya, an MBA from a reputed college, as a Manager to find out the causes for the same.

Sandhya 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. She analysed and found out that there were many unnecessary obstructions in between which could be eliminated. She fixed a standard time for processing the order.

She also realised that there were some flavours whose demand was not enough. So, she also decided to stop the sale of such flavours. As a result within a short period Sandhya was able to attract the customers.

Identify and explain any two techniques of scientific management used by Sandhya to solve the problem. (CBSE, Delhi 2017)

2. Nutan Tiffin Box service was started in Mumbai by the Mumbai Dabbawalas. The Dabbawalas who are the soul of entire Mumbai aim to provide prompt and efficient services by providing tasty homemade tiffin to all office goers at the right time and place. The service is uninterrupted even on the days of bad weather, political unrest and social disturbances. Recently, they have started online booking system through their website 'mydabbawala.com'. Owing to their tremendous popularity amongst the happy and satisfied customers and members, the Dabbawalas were invited as guest lecturer by top business schools. The Dabbawalas operate in a group of 25-30 people alongwith a group leader. Each group teams up with other groups in order to deliver the tiffins on time. They are not transferred on frequent basis as they have to remember the addresses of their customers. They follow certain rules while doing trade—no alcohol during working hours; no leaves without permission; wearing white caps and carrying ID cards during business hours.

Recently, on the suggestion of a few self-motivated fellow men, the dabbawalas thought out and executed a plan of providing food left in tiffins by customers to slum children. They have instructed their customers to place red sticker if food is left in the tiffin, to be fed to poor children later.

- a. State any one principle of management given by Fayol and one characteristic of management mentioned in the above case.
- b. Give any two values which the Dabbawalas want to communicate to society. (CBSE, Sample Paper 2016)

Assertion Reason Question-

1. In these questions, a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.
 - a. Assertion and reason both are correct statements and reason is correct explanation for assertion.
 - b. Assertion and reason both are correct statements but reason is not correct explanation for assertion.
 - c. Assertion is correct statement but reason is wrong statement.
 - d. Assertion is wrong statement but reason is correct statement.

Assertion (A): Management Principles can not be used as tailor-made tools and have to be adjusted as per the demand of the situation.

Reason (R): Real Business situations are very complex and dynamic.

2. In these questions, a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.
 - a. Assertion and reason both are correct statements and reason is correct explanation for assertion.
 - b. Assertion and reason both are correct statements but reason is not correct explanation for assertion.
 - c. Assertion is correct statement but reason is wrong statement.
 - d. Assertion is wrong statement but reason is correct statement.

Assertion (A): Motion study helps to improve the efficiency of the workers.

Reason (R): It eliminates wasteful and inefficient motions by workers and machines to identify the best method of work.

MCQ Answers-

1. Answer: (b) Functional foremanship
2. Answer: (d) Work should be divided into small tasks
3. Answer: (d) Gang Boss
4. Answer: (d) By experiences of managers
5. Answer: (a) One Head One Plan
6. Answer: (a) Management should share the gains of the company with workers
7. Answer: (a) Mining Engineer
8. Answer: (d) To eliminate the unproductive motions

9. Answer: (c) Absolute
10. Answer: (a) Union is strength
11. Answer: (d) Scalar Chain
12. Answer: (a) Organizing
13. Answer: (d) F.W.Taylor
14. Answer: (a) Functional structure
15. Answer: (b) Peter Drucker

Very Short Answers-

1. Ans. Management principles are derived through observation and analysis of events.
2. Ans. Principles are guidelines to take decision whereas techniques are methods to take action.
3. Ans. This it means that they are applicable to all kinds of organizations.
4. Ans. Flexibility.
5. Ans. Application of a scientific approach to managerial decision making.
6. Ans. (i) Science, not Rule of Thumb. (ii) Harmony, not Discord.
7. Ans. 'Rule of thumb'
8. Ans. Mental Revolution means revolutionary change in the attitude of both workers and managers from competition to cooperation.
9. Ans. Principle of Harmony, not discord.
10. Ans. Aim is to find one best method of doing the job.

Short Answers -

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

(i) Instruction Card Clerk

(ii) Route Clerk

(iii) Time and Cost Clerk

(iv) Disciplinarian

8. 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. 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. 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.

Long Answers -

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

Basis	Taylor	Fayol
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 in specific conditions	Fayol's principles are more general in nature & can be applied in most of the organizations with 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.

4. Ans.

Development of Management Principles: It was Henri Fayol a French mining engineer and chief executive who for the first time stated a set of 14 principles of management. Fayol wrote these principles on the basis of his practical experience as a manager. According to him, these principles can be applied in all types, functions, levels, and sizes of organizations. This had earned him the title 'universalist'. For a long time, Fayol's list was accepted as 'Complete and Comprehensive'. A description of these principles follows.

1. Division of Work
2. Authority and Responsibility
3. Discipline
4. Unity of command
5. Unity of direction
6. Subordination of individual interests to the general interests
7. Remuneration
8. Centralization
9. Scalar chain hierarchy
10. Order
11. Equity
12. Stability of personnel
13. Initiative
14. Esprit de corps

1. Division of Work – This is the principle of specialization which applies to all kinds of work. The more people specialize, the more efficiently they can perform their work. Specialization increases output by making employees more efficient.
2. Authority and Responsibility – Authority is the right to give orders and the power to exact obedience. Managers need authority to get things done. According to Fayol, responsibility is a corollary and a natural consequence of authority. Responsibilities an obligation to perform the tasks in a satisfactory manner.

5. Ans.

University of Management principles Universality of management suggests that the manager uses the same managerial skills and principles in each managerial position held in various organizations. Accordingly, an industrial manager could manage a philanthropic organization, a retired army general could manage a university, a civil servant could manage an industrial organization, and so on.

Universality implies transferability of Managerial skills across industries, countries, countries. It means that management is generic in content and applicable to all types of organizations. Lawrence A. Appley declared that 'He who can manage, can manage anything.' Let us examine the factors that have contributed to the universal application of management in every level of organization and at every level of organizations.

Arguments for Universality:

1. Managers perform the same functions irrespective of their level in the organization, industry, or country. The functions performed by the company president and the office supervisors .are the same Regardless of the label-all managers plan, organize, lead and control. The difference lies in such things as the breadth of the objectives, the magnitude of the decision taken, the organization's relationships affected, and so on.
2. Classical writers like Fayol, Urwick, and others believed that there are certain principles in management that are universally applicable.
3. The fundamentals governing the management of a business, a Church, or a university are the same, the differences lie in the techniques employed and practices followed. All managers accountable for the performance of other people, they plan, make decisions, organize work, motivate people and implements control, and so forth. In order to achieve the results the techniques employed might differ depending on situational factors like culture, tradition, attitudes, etc.
4. The very fact that managers regularly move from public to private sector organizations bears ample testimony to the fact that management concepts are universal across organizational types.

Arguments against the Universality This is –

1. The universal thesis implies complete substitutability of managerial skills which is rarely

found in actual practice. It seems improbable that the captain of a hockey team would excel equally as the president of the charitable agency or as the vice-chancellor of a university. It is true that the manager's job becomes almost universal in content at the upper levels of organizations. At a lower level of organization, however, transferability of managerial skills may not be possible.

2. Universality thesis presupposes the existence of predictability regarding the outcomes of management actions. A manager working in firm A must be able to predict the likely consequences of his actions in firm B where he is likely to join. And he may have to face serious problems in case the underlying philosophies of these organizations were to differ.

Case Study Answer-

1. Answer:

The two techniques of scientific management used by Sandhya to solve the problem are: (any two)

Time study: It seeks to determine the standard time taken to perform a well-defined job. The objective of time study is to determine the number of workers to be employed, frame suitable incentive schemes and determine labour costs. By using time measuring devices for each element of task the standard time is fixed for the whole of the task by taking several readings.

Simplification (Standardisation and Simplification): Simplification aims at eliminating superfluous diversity of products in terms of varieties, sizes and dimensions. It not only helps to reduce inventories but also save cost of labour, machines and tools. Thus it helps to increase turnover by ensuring optimum utilisation of resources.

Motion study: Motion study refers to the study of movements of limbs of a worker while doing a particular task. It seek to divide all such movements into three categories namely;

- Motions which are required
- Motions which are unnecessary
- Motions which are incidental.

Thus, motion study helps to eliminate unnecessary movements of a work and enables him to complete the given task efficiently.

2. Answer:

The relevant principle of management given by Fayol is: Stability of Personnel: The employee turnover should be minimized to maintain organizational efficiency. Personnel should be selected and appointed after due and rigorous procedure. After placement, they should be kept at their post for a minimum fixed tenure so that they get time to show results. Any adhocism in this regard will create instability/insecurity among employees. They would tend to leave the organisation. (The other correct answers are principle of

Discipline / Initiative / Espirit de corps) The characteristic of management mentioned in the above case is: Management is goal oriented as it seeks to integrate the efforts of different individuals towards the accomplishment of both organizational and individual goals.

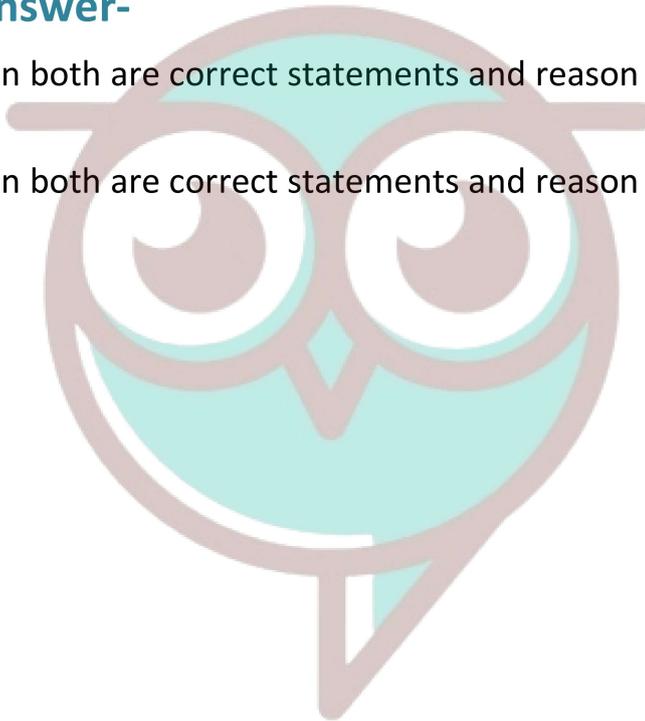
(The other correct answers are management is intangible/ group activity/dynamic)

The two values that Dabbawalas want to communicate to society are:

- Concern for poor/ Humanity
- Responsibility

Assertion Reason Answer-

1. a. Assertion and reason both are correct statements and reason is correct explanation for assertion.
2. a. Assertion and reason both are correct statements and reason is correct explanation for assertion.



Swotters