

Management Concepts and Business Ethics

First Semester Internal Test

Solved Answers

1. Laissez faire
2. Expert power
3. Status
4. Peter. F. Drucker
5. Innovative
6. General theory of administration
7. Human relation concept
8. Middle level management
9. Core competency - C.K Prahalad
10. Hawthorne Studies - Elton Mayo
11. Action centered leadership - John Adair
12. Self Determination Theory - Richard Ryan

Short answer type

13. Intrinsic motivation refers to the motivation from within our self such a desire to achieve high, keeping morality, belief in the performance reward relationship, etc. Extrinsic motivation refers to the motivation that comes from outside such rewards, punishments etc. Intrinsic motivation is more powerful than extrinsic motivation
14. Under autocratic leadership style authority and responsibility are concentrated at the top. Leaders have no confidence in the subordinate and decisions are taken without consulting with the team. There is lack of communication of decisions with subordinates under this style.
15. Both theories are based on concept of different levels of human needs. Abraham Maslow's Need higher theory assumes that human needs are higherarchical in nature and they satisfy them step by step. But the Aldefer's ERG theory demonstrate that more than one need may be operative at the same time.
16. Under group leadership more than one person provides direction to the group as a whole. Some organizations have taken up this approach to increase creativity and reduce cost. Additionally each team member will have the opportunity to experience the elevated level of empowerment.
17. George, R. Terry: Management is a distinct process consisting of planning, organizing, activating and controlling performance to determine and accomplish the objectives by the use of human beings and other resources.
18. Scalar chain refers to the chain of superiors ranging from the ultimate authority to the lowest ranks. It is a chain of authority and responsibility in a formal organization through which communication flows from top to bottom and vice versa.
19. The contingency or situational approach emphasizes the fact that what managers do in practice depends upon a given set of circumstances and there cannot a one best way to manage.
20. Equity means justice or kindness. This principle says that management should deal with employees in a just and fair manner. There should neither nepotism nor favoritism.

21. To organize means to provide the organization with everything useful to its functioning – raw materials, tools, capital and personnel. Organising function of managers deals with bringing together all the required inputs for the business to achieve its objectives.

Short essay type

22. Management By Objectives

MBO is a process of defining objectives within an organisation so that management and employees agree to the objectives and understand what they need to do in the organization. The term MBO is first popularized by Peter. F. Drucker in his book “practice of management” in 1954

The essence of MBO is participative goal setting. MBO or goal oriented management is a widely practiced technique of management. It is an appraisal tool for someone, it is a motivational technique for others and it is a planning and controlling device for some others.

Harol Kontz – Heinz wehrich defines MBO as a comprehensive managerial system that integrates many key managerial activities in a systematic manner and that is continuously directed towards the effective and efficient achievements of organizational and individual objectives.

Benefits of MBO

The setting of clear defined objectives for the organization is the key benefit of MBO technique. The following are the important benefits of MBO

- a. Improving Management:- The MBO improves the process of management through result oriented planning.
- b. Clarification of Organizational roles:- Through setting clear goals, it clarifies the organizational roles, structures, delegation of authority, etc.
- c. Encouraging Personal commitment:- It encourages the commitment of individuals towards their own and organizational goals
- d. Development of effective control:- MBO helps in effective control through measuring, comparing and correcting results.

Limitations of MBO

- a. Ambiguity in the concepts:- Managers must explain to subordinates what it is, how it works, why it is being done, etc.
- b. Difficulty in setting objectives:- It is very difficult to set verifiable goals.
- c. It ignores longer range health of the organisations:- emphasis on short term goals can be done only at expense of the longer range goals of the organization
- d. Danger of inflexibility:- The danger of inflexibility make adjustment to the environment difficult.

23. Herzberg's Two factor theory of motivations

According to Frederick Herzberg there are two set of factors that affects motivation. They are motivators and hygiene factors.

Motivators are those factors whose presence will directly motivate employees to work hard. Eg:- challenging work, recognition, responsibility etc which gives positive satisfaction. Hygiene factors are those factors whose presence will not motivate employees but whose absence will demotivate employees. Eg:- status, job security, salary and fringe benefits, etc

The name hygiene factors is used because like hygiene the presence will not make you healthier but absence can cause health deterioration. This theory is also called motivator- hygiene theory or dual structure theory.

Aldefefer's ERG theory of motivation

Aldefefer, expanding on Maslow's hierarchy of needs. Created the ERG theory. This theory poists that there are three groups of core needs- Existance, Relatedness and Growth

Existence refers to our concern for basic material existence requirements. It includes what Maslow called the physiological and security needs.

Relatedness refers to the desire we have for maintaining interpersonal relationship. It is similar to Maslow's social needs and external components of his esteem needs

Growth refers to the intrinsic desire for personal development. It includes the intrinsic components of the maslow's esteem needs and self actualization need.

Aldefefer's ERG theory differs from Maslow's need theory in so far as ERG theory demonstrates that more than one need may be operational at the same time.

24. Leadership Vs Managership

Leadership and managership are two different terms. Leadership deosn' t require any managerial position to act as a leader. On the other hand a manager can be a true manager only if he has got some leadership traits. All managers are leaders but all leaders are not managers.

The important differences between manager and leader are summarized in the table below.

Basis	Manager	Leader
Origin	A person becomes a manager by virtue of his position.	A person becomes a leader on basis of his personal qualities.
Formal Rights	Manager has got formal rights in an organization because of his status.	Rights are not available to a leader.
Followers	The subordinates are the followers of managers.	The group of employees whom the leaders leads are his followers.
Functions	A manager performs all five functions of management.	Leader influences people to work willingly for group objectives.
Necessity	A manager is very essential to a concern.	A leader is required to create cordial relation between person working in and for organization.
Stability	It is more stable.	Leadership is temporary.
Mutual Relationship	All managers are leaders.	All leaders are not managers.

Accountability	Manager is accountable for self and subordinates behaviour and performance.	Leaders have no well defined accountability.
Concern	A manager's concern is organizational goals.	A leader's concern is group goals and member's satisfaction.
Followers	People follow manager by virtue of job description.	People follow them on voluntary basis.

25. Importance of Management

Management is the art of securing maximum prosperity with a minimum of effort. Where ever there is an organized group of people working towards common goals, some type of management becomes essential. The following points highlight the importance of management.

- Achievement of group objectives:- It is the management which makes the people relies the objectives of the group and directs their efforts towards the achievement of these objectives.
- Optimum utilization of resources:- It is the management which makes possible the optimum utilization of the scarce resources like land, labour and capital
- Minimization of cost:- good quality at the lowest price is the only possible strategy under increasing competitive environment. Through proper planning, organizing and controlling management enable a concern to cut costs.
- Smooth running of business:- Management ensures smooth running of business through better planning, sound organization, effective control and the various tools of management.
- Provides innovation:- Management provides new ideas, imaginations and visions to the organization.
- Management of change:- An enterprise operates in an ever changing environment. Management moulds the enterprise in such a changing environment.
- Social benefits:- Management is beneficial not only to the business but also to the society as a whole. It raises the standard of living of the people.

26. Objectives of management

The primary objective of management is to run the enterprise smoothly. The following are the broad objectives of management

- Proper utilization of resource:- The main objective of management is to use various resources of the enterprise in a most economic way.
- Improving performance:- Management should aim at improving the performance of each and every factor of production.
- Mobilising best talents:- The management should try to employ specialist persons In various fields so that better results are possible.
- Planning for future:- Another objective of management is to prepare plan for the future. No management should feel satisfied with today's work if it has not thought of tomorrow.

27. Elements of scientific management

Taylor advocated the following elements of scientific management

- a. Work study:- Work study related to analyzing the work to be performed by eliminating unnecessary operations and finding out the quicker way of doing it.
- b. Standardization of tools and equipments:- Proper tools and equipments are essential for increasing the speed of work
- c. Scientific selection, placement and training:- workers should be selected by considering their education, experience and attitude towards work. And right persons should be placed on the right jobs
- d. Introduction of functional foremanship:- Taylor advocated the concept of functional foremanship. Functional foremanship is the extension of the principle of specialization or division of labour to the sphere of management. According to him two functions of planning and doing should be separated. Taylor suggested eight functional specialists.
- e. Introducing costing system:- another element of scientific management is the introduction of the system of cost accounting.
- f. Mental revolution:- Taylor's basic idea was to bring change in the mental attitude of workers and management towards each other.

28. Management is an art. Arguments in favour

Art is often regarded as the systematic application of skill or knowledge in effecting accomplishment of knowledge. It represents the methods or ways of doing specific things and indicates how an objective is to be achieved.

Management can be regarded as an art because it satisfies the following features of the art.

- a. Personal skill:- Management is an art as one has to use his personal skill and knowledge in solving many complicated problems to achieve the enterprise objectives.
- b. Practical knowledge:- An art implies practical knowledge. It is concerned with application of knowledge.
- c. Result oriented approach:- Management is concerned with accomplishment of objectives and in this sense it has result oriented approach.
- d. Regular practice:- Like an artist, the management always tries to attain higher and higher goals in order to reach the state of absolute perfection. This efficiency and effectiveness is attained through regular practice.
- e. Creativity:- Every art has an element of creativity and in this sense also management is one of the most creative art as it is concerned with getting work done through others by motivating them to work and co-ordinating their activities.

29. Leadership Qualities and Leadership Functions

Introduction

Leadership is the activity of influencing people to strive willingly for group objectives. The person who attempts to influence the behaviors of others becomes a potential leader and the persons he is attempting to influence are potential followers. The leader may be their boss, colleague, subordinate, friend or relative. Thus leadership is not a formal position rather it is an informal status.

Qualities of a good leader

There are a few qualities that seem to put people at the head of the pack as far as their ability to obtain leadership positions. Many leaders tend to be outgoing, brave, tall in stature, well-liked, articulate, and task oriented. By no means are these qualities always correct. Napoleon happened to be a very short man, and Abraham Lincoln has been described as being very introverted. There are countless factors that can make a person a good leader, but it depends on the group of people that they are leading. There is a common misconception that leaders are always outspoken, flamboyant people, and this just isn't the case. Less articulate individuals with other combinations of skills are quite successful as well.

The following are the important qualities a leader should possess

1. Ability to build relationship

The important quality of a good leader is building and maintaining relationships. A good leader knows the importance of relationships. She knows that the strength of a leader comes from the people that follow and support her. And that is why a good leader takes good care in building relationships.

2. Ability to inspire

A good leader is capable of inspiring others to follow a cause both willingly and vigorously. A strong sense of confidence, leading by example, etc can inspire the followers. Don't make your workforce do something you wouldn't do yourself.

3. Humble personality

A good leader exhibits a cool personality. A sense of humility can encourage workers to great lengths. This humility can also gain a good amount of respect from your workforce, as an inflated ego is a lot harder to give respect to.

4. Habit of appreciating performance

A leader is nothing without his followers. A good leader should always appreciate the work force for their hard work. Every person expects appreciation and when it is received, the person will feel more inspired to work towards the right thing. However appreciation should not be a flattering and must be genuine and given where ever due.

5. A clear vision

A good leader often has a clear vision of what he or she wishes to accomplish. To be able to inspire change and evolution in your workforce, a good leader must believe in progress and change himself.

6. Listening to others

Listening to what your followers have to say is worthwhile quality of a leader. A good leader will often feel that he is more of a teammate than the team leader. Even the most unworkable ideas can be worth listening as a good leader values his or her subordinates regardless of their usefulness.

7. Friendly and approachable

A good leader should be friendly and approachable in his behavior. Workers who feel that a leader can relate to them will often set a more comfortable and productive workplace and become happier and easier to work with in the long term

8. Initiative

By definition a leader is someone who takes the lead or initiative in some part of life. Taking lead is the crux of being a leader and this quality is inherent in a leader.

Other leadership qualities

Honesty, integrity, self confidence, assertiveness, forward looking, dedication, creativity, fairness, openness, competent, etc

Leadership function

Based on John Adair's Action Centred Leadership or "three circles" model, which has been used with some success in the British military, we can have three core functions of leadership such as

1. Achieving the task

Every leadership is task oriented. He or she should achieve the task through team work.

2. Building and managing the team

Leadership is functioning of influencing people. So a leader should be able to build a team with right people and should be able to manage the team. One of the core function of the Leader is that to create a team spirit in among the members of the group. They should act as a team rather than performing as individuals. It is his responsibility to create a pleasant atmosphere keeping in view the subordinates needs, potential abilities and competence

3. Developing the individual

In leadership it is equally important to help the subordinate to realize their potential and achieve their personal objectives

In addition to these three roles, Adair identified eight vital leadership functions

1. Defining the task: This sets a clear objective allowing the group and the individual to have a collective goal.
2. Planning: Both leader and team need to be aware of timescales and responsibilities to achieve cohesion, efficiency and clarity of procedure.
3. Briefing: Giving and receiving information and summarising ideas. This benefits individuals by a sense of inclusion and teams by sharing information as a sign of democracy.
4. Controlling: The leader needs to exercise self control, but also needs to implement effective control systems on the group and individuals. This ensures standards are met to achieve the task, and builds confidence in the leadership capabilities from the individuals and teams.
5. Evaluating: Continual evaluation of individual and group performance is essential for developing and maintaining standards and skills.
6. Motivating: Leaders can benefit teams and individuals through reconciling disagreements and providing encouragement through setting realistic targets and communication feedback.
7. Organising: Efficient allocation of people, time and resources benefits the task in terms of making it more achievable and individuals and teams by providing a clear action plan.

8. Providing examples: Leading by example builds credibility with teams and individuals and helps build motivation and efficiency in individuals

Conclusion

Leadership is essential in an organization for the smooth and efficient functioning of the organization. Proper training should be given to managers to act as leaders when ever necessary.

30. Neo classical Theories of Management

Introduction

Management is an older profession. The theories of management have been emerged over a period of time. The management thoughts can be broadly divided into three.

Classical management theories

Neo classical management theories

Modern Management Theories.

Neo classical theories of management deals with the human factor. Elton Mayo and Mary Parker Follett are the main contributors of human relation approach. The school thoughts during this neo classical period can be broadly divided into two.

- a. Human relation movement
- b. Behavioural science movement

Human relation movement

Human relation movement deals with the factors which encourage higher performance on the part of workers. The improvement of working condition, lowering of hours of work, improvement of social relations of workers, besides monetary gains help in increasing productivity.

Elton Mayo 1880- 1949

An Australian by birth went to United States and joined Harvard University.

His widely read books are The human problems of industrial civilization and the social problems of industrial civilization. Elton Mayo is rightly called as the father of human relation movement.

Hawthorne studies

An extensive investigation started in 1927 at the Hawthorn plant, near Chicago, of Western Electric Company. These studies were conducted to determine the better physical facilities on workers output.

Hawthorne studies brought out the following observations

- a. Impact of social factors:- was visible in the productivity of workers. It was made clear that man was primarily motivated social needs
- b. Importance of informal groups:- Informal work groups have a great influence on productivity and attitude of workers towards work performance.
- c. Leadership:- Leadership is required to direct group activities
- d. Proper communication:- Proper communication system is necessary for better understanding between management and workers

Behavioral sciences movement

Behavioural science movement is regarded as further refinement of human relation movement. It covered wider aspects of interpersonal roles and responsibilities. The important aspects of behavioural approach were motivation of employees, organization as a social system, leadership development, employee development, etc. The contributors to this thinking of management included

Abraham Maslow, Douglas McGregor, Rensis Likert, Chester Bernard etc. Their contributions are discussed below.

Abraham Maslow's Need hierarchy theory

Maslow, a US psychologist gave a general theory of motivation known as Need Hierarchy theory. According to him, i) people have wider range of needs which motivate them to work. II) Human needs can be classified into different categories. III) Human needs can be arranged into hierarchy IV) Human beings start satisfying their need step by step. V) a satisfied need does not motivate human behavior.

Maslow classified Human needs as follows

- a) Physiological needs:- these needs are related to the survival and maintenance of life. These includes food, clothing, shelter, etc.
- b) Safety needs:- These consists of physical safety against marder, fire, accident etc
- c) Social needs:- These are called affiliation needs and include need for love, affection, belonging or association with family, friends and other social groups
- d) Ego or esteem needs:- These are needs derived from recognition, status, achievement, power, prestige, etc
- e) Self actualization needs:- It is the need to fulfil what a person considers to be his real mission in life.

Douglas McGregor's Theory X and Theory Y

McGregor a US psychologist is known for the development of a theory of motivation. He named it as theory X and Theory Y.

Theory X represents the traditional and narrow view of human nature. Theory X assumes that the average worker is lazy and dislikes work. He is un ambitious, avoids responsibility and prefers to be led. He does not bother about th organizational objectives so he should be directed to achieve these goals.

Theory Y represents modern and dynamic nature of workers. Theory Y presuppose that people enjoy work as play or rest, they will exercise self control and self direction, people are ready to accept responsibility under proper condition. An organization designed on the basis of theory Y will assume decentralization, participation of leadership and two way communication.

Rensis Likert 1903-1972

Likert was the director of Institute of Social Sciences, Michigan, USA. He conducted extensive research in the field of leadership. His famous writings include, New patterns of management(1961), Human organization(1967). He was the view that traditional job oriented supervision was the cause of low productivity and low morale. He suggested participative management in the field of decision making. He classified management styles in to the following categories.

- a. Exploitative Autocratic:- There is no participation of workers because these leaders have no confidence in them
- b. Benevolent Autocratic:- There is no proper confidence in subordinates and the relationship is of a master and servant
- c. Participative:- The subordinates are allowed to participate in decisions involving their lives. Leader does not have full confidence in them
- d. Democratic:- In this style the confidence in subordinates is full and they meaningfully participate in decision making.

Conclusion

Management is subject which developed over a long period of time. The neo classical theories of management refers to the management thoughts developed during the nineteenth century.

31. Write answers in your own words