

CHAPTER 2: PRINCIPLES OF MANAGEMENT – CASE STUDIES

Question 1:

Rajeev is a middle level manager. He keeps all his subordinates under a lot of discipline. His employees however complain of wastage of time and efforts as they feel that nothing is being assigned in a proper way and a proper place, also no proper schedule is made for working. Which principle of management is violated here?

Answer:

The principle of management which is violated here is the Fayol's principle of 'order'. Fayol's principle of order says that everything has a place and everything should be at its place.

Question 2:

Rajesh wants to become an ideal manager. For this he reads many management books. After reading various broad and general guidelines he prepares to apply them and make his work more meaningful. The necessary outcome will be his improved output. Which concept of management has been highlighted here? 1

Answer:

The concept of management which is highlighted here is 'principles of management'. Management principles are the broad and general guidelines which help employees in behavior and decision making. .

Question 3:

Pakka employment is a company which takes care of the fact that the confidence of the employees should always be at its peak. For this reason they give surety to their employees for employment for a minimum fixed tenure of time. Which principle of management is followed here?

Answer:

The principle of management which is followed here is 'stability of personnel'.

Question 4:

A floor manager of a Mall is very capable as he utilises all the functions of management. He lays stress on developing mutual trust and spirit of cooperation amongst the employees. Under his guidance the employees admit that they learn a lot and are able to meet their targets. This has led to increase in their salaries. Identify the principle of Fayol followed by the floor manager in the above case.

Answer:

Esprit De Corps

Question 5:

The plant superintendent of a company is very sad. When he was on leave he was expecting his subordinates to take the remaining work to the finish. However he finds a new way of dealing with this problem. He develops a system of suggestion building from the side of workers. For this a suggestion/complain box is to be kept where the workers can drop their advice and hence take steps from their side.

Which principle of management has been implemented here off late by the plant

superintendent?

Answer:

The principle of Fayol—'**initiative**' was initially not followed and the establishment of suggestion/complaint box is a step in following it.

Question 6:

Suresh works in a bulb manufacturing company. Each bulb which is manufactured is of standard size and quality. Further if there is any unrequired type of bulb manufactured then its production is stopped. Last month when the company came to know that 10 watt bulbs were no more liked by customers, their production was stopped. He works in the purchase department. His job is to purchase the filaments required to make bulbs. This time when he purchases the filament he gets the instruction from the seller that some special care needs to be taken in the first hour of fixing the filaments inside the bulb. Suresh knows this information should be given immediately to the production department before the assembling process starts. However he finds that his company's policies only allow him to give the message to his immediate boss who will further pass this message to his boss. The passing of this message will continue till it reaches the desired person in the production department. Which technique of management is followed here? Also name the principle of management followed here by the company? Which option is now available to Suresh since the company is not allowing him to interact with the concerned worker in the production department? 4

Answer:

The technique of management which is followed here is **Standardisation** (Each bulb which is manufactured is of standard size and quality) and **Simplification** (Further if there is any unrequired type of bulb manufactured then its production is stopped).

The principle of management which is followed here is **Scalar Chain**. However he finds that his company's policies only allow him to give the message to his immediate boss who will further pass this message to his boss.

The option which is now available to Suresh is the use of **Gang Plank** as this is an emergency situation. Suresh knows that this information should be given immediately to the production department.

Question 7:

Every year a meeting is organized in the lawns of the owner of a company. In this meeting the owner of the company grants some funds for the benefit of the families of the employees. The employees on the other hand never resist any change or put excessive demands. The general environment in the company is very supportive to the employees. The employee turnover ratio is very low.

Which concept of management is discussed here? Which principle of management will be easily followed here?

Answer:

The concept of management discussed here is **Mental Revolution**. The owner of the company grants some funds for the benefit of the families of the employees. The employees on the other hand never resist any change or put excessive demands.

Since the employee turnover ratio is low the principle of management which must have been followed is '**stability of personnel**'. Whenever there is violation of this principle of Fayol the employee turnover ratio increases. The increased employee turnover ratio is not good for an organisation and should be minimised.

Question 8:

Bhatkaav Enterprises is facing huge losses. The owner of the company is an MBA pass out. Even then many things in the organisation are happening which are indicative of lack of proper management in the company. First of all there is no specific sharing of work and any time any employee is asked to do anything. This has led to wastage of efforts. Further due to negligence in proper work sharing there has been no specialisation development in the nature of the jobs done by the employees.

There are no clear and fair agreements between the workers and the management. This has led to a lot of frustration in the workers. Management has quite often been found to be ignorant of not fulfilling promises done by it. There are also no strict rules and regulations binding on the conduct of the workers.

The departmental heads who are the middle level managers in the company and hold key positions always favour their relatives. They quite often don't turn up for job on time. They are always looking for special relaxations from the top management. This has led to feeling of resentment among the employees who are also demanding special favours and threatening strike in the coming days.

Identify the three principles of Fayol violated in the above case.

Answer:

In the first paragraph of the case the principle of Fayol which is violated is '**Division of Work**'. In the second paragraph of the case the principle of Fayol which is violated is '**Discipline**'.

In the third paragraph of the case the principle of Fayol which is violated is '**Subordination of individual interests to general interests**'.

Question 9:

Ramesh is the owner of a printing press. The size of his organisation has y/increased during the recent past. There are many employees who work in his organisation. The organisation is considered good and has earned a lot of reputation in the market. However when it comes to making key decisions in the organisation related to many things he never considers the opinions of his subordinates. Even though the size of the organisation has increased yet he tries to take all the key decisions on his own.

Which principle of Fayol has been violated by him?

Answer:

The principle of Fayol which has been violated here is '**Centralisation and Decentralisation**'. This principle explains the need of balance between Centralisation and Decentralisation. He is making all the decisions on his own and he is not giving any decision making authority to his subordinates so he is not following this principle.

Question 10:

Mohan works on the floor of a mall as a manager. He is very hard working but is unable to produce results for his organisation. His target for last month was a sale of 10 lakh rupees from his floor. However by the end of the month the sale was only 8 lakh rupees. He is very regular and takes all the necessary steps to complete the target. However his staff is not as competent as he himself is. When he tries to take action against disobedient employees the top management doesn't allow him to do so. They haven't given him the power to fire employees or take any strict action against them.

Which principle of Fayol is violated here by the Organisation? 1

Answer:

The principle of Fayol which is violated here is '**Authority and Responsibility**'. The amount

of responsibility put on the shoulders of the floor manager is not in proportion to the amount of authority given to him. He can't take any strict action against his subordinates.

Question 11:

Enlightened Souls Pvt. Ltd. is a tube light manufacturing company. Before the start of the year they had promised their employees for bonus for extra production. It was also decided that those who will put extra time will be paid extra according to the number of hours. However people in the HR department who worked very hard later complained that they were not compensated for the extra number of hours that they used to stay in the office. Which principle of Fayol is violated here?

Answer:

The principle of Fayol which is violated 'Discipline'.

Question 12:

Rohan and Amit are working in the purchase department of a company. Rohan is the brother-in-law of the managing director of the company whereas Amit has been recruited from an external source. They both have been performing below average for the last couple of months. Many people in the organisation talk about their lack of responsibility. When the managing director of the company came to know about their irresponsible behaviour he immediately suspended Amit but did not take any action against Rohan.

Identify the principle of Fayol which has not been followed by the managing director in the above case. 1

Answer:

Equity

Question 13:

Aditi who is heading the campus recruitment program of the firm that she is working in, gets an immediate order from the marketing head of the organisation. Mr. Rupesh asks her to hire only those candidates who have two years experience in the field of marketing and offer them a higher package. Moments later when she is about to enter the campus she gets another call from the HR head who asks her to hire candidates with zero experience. He gives her the logic that such candidates would be expecting lower packages in comparison to the candidates having experience in the industry.

Which principle of Fayol stands violated here? What is the immediate outcome of the violation of this principle? State the principle. 3

Answer:

The principle of Fayol which is violated here is '**Unity of command**'.

The Unity of command states that an employee should take orders only from one boss.

The immediate outcome of the violation of this principle is **dual subordination**.

Question 14:

Aapka Apna Vehicles is a vehicle manufacturing company. The company has the same unit producing both scooters and cars. This leads to confusion among the employees regarding the reporting as well as differentiation of work.

Which principle of Fayol is violated here? Why? State the principle. Give an immediate outcome of the violation of this principle. 4

Answer:

The principle of Fayol which is violated here is '**Unity of Direction**'.

Unity of Direction is violated here as there should have been separate departments for the two types of vehicles.

This principle says that there should be one boss and one plan. The related activities should be placed in one department. So there should be separate departments for the production of cars and the scooters.

The immediate outcome of the violation of this principle is overlapping of activities which will affect the whole organisation.

Question 15:

. Twenty new employees have started their career in XYZ Ltd. The employees are new to the environment of the organisation and have no idea about the demanding jobs. The management has decided to give them three months of time to show their results.

Which principle of Fayol is followed here? How does this principle help the organisation?

Answer:

The principle of Fayol which is followed here is '**Stability of Personnel**'.

This principle helps the organisation by **reducing Employee Turnover**. Thus the efficiency of the organisation is increased.

Question 16:

Enigma Coolers are the leading manufacturers in their area. They have decided to increase the productivity of their workers. For this they have chalked out a plan. They will be hiring operational managers who to work at the lower level of management. They have decided to keep eight managers over a single worker. Thus every worker will have to report to all these eight managers.

Which technique of scientific management is followed here? What will be the benefit? Also tell which principle of Fayol will be violated here?

Answer:

The technique of Scientific Management which is used here is **Functional Foremanship**.

The benefit will be that every worker cannot have all the qualities like intelligence, special knowledge, energy, honesty, etc. Individually each of the functional foremen like gang boss, speed boss, etc. will look after all these qualities.

The principle of Fayol which will be violated here will be principle of '**Unity of Command**' as a single worker will have to report to eight different people.

Question 17:

ABCDEF Ltd. has decided to become the market leader in selling water bottles. The company decides to take care of all the departments. The top management decides to set standards for all the business activities right from the purchase of raw material to manufacturing and packaging of the water bottles.

Which scientific technique of management is used here? Name three advantages of this technique. 4

Answer:

The scientific technique used is '**Standardization**'.

The three advantages of standardization are:

1. Standards of performance of men and machine can be established.

2. Standards of excellence and quality in materials can be established.
3. Machines and their components of standard size can be interchanged over different areas and conditions.

Question 18:

‘Work is Worship’ is a leading construction company. The organisation has grown from strength to strength because of its innovative ideas and scientific approach of working. Ten years back the organisation went through a revolution. All the operations and activities were properly noticed and the standard time taken to perform them was noted. This took a few months and now the company could find out the amount of workers required and the number of days to be involved in the various manufacturing processes. A year later they moved to another level by considering the stress involved in the lives of the workers. The amount and frequency of rest intervals in finishing a particular task were noted. This helped the company in optimizing the rest intervals for the workers so that their outputs could be increased. After six more months the company decided to reward the efficient workers. A different rate of wage payment was decided for those workers who performed above the standard. The standard was decided. This led to a revolutionary change in the perspective of the workers who now started giving their full efforts in order to increase their wages.

Which concept of management has been discussed in the above case? Name the three types of this management concept highlighted above. Also identify the lines where these types have been indicated. 4

Answer:

The concept of management which is discussed above in the whole case is **Techniques of Scientific Management.**

The various types of techniques used are:

1. **Time Study.** All the operations and activities were properly noticed and the standard time taken to perform them was noted.
2. **Fatigue Study.** The amount and frequency of rest intervals in finishing a particular task were noted.
3. **Differential Piece Wage System.** A different rate of wage payment was decided for those workers who performed above the standard.

Question 19:

Sanchit, after completing his entrepreneurship course from Sweden returned to India and started a coffee shop ‘Aroma Coffee Can’ in a famous mall in elhi. 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.

Answer:

Sandhya has used the following two techniques of scientific management:

1. **Time Study.** Time study aims at determining the standard time taken by a worker of reasonable skill to perform a well defined job. For this purpose time measuring devices are used and standard time is fixed for the task after taking several readings. The main idea behind this is to determine the number of workers to be employed, frame appropriate incentive schemes and determine labour cost.
2. **Simplification of Work.** Simplification of work aims at eliminating superfluous varieties, sizes and dimensions. The main idea behind is to eliminate unnecessary diversity of products. It saves cost of labour, machines and tools. It leads to reduction in stock and helps in fuller utilisation of equipment. Moreover, it leads to an increase in turnover.

Question 20:

A scientist working in a factory for the betterment of the operational aspect studied all the steps involved in the manufacturing of the product. He very attentively noticed all sorts of movements to arrive at a simpler way of doing all the activities possible. With his hard work he was able to bring down the number of activities for the manufacturing of the final product from 34 to 22. This work was able to bring down the labour charges and decrease the total time of production. Thus he gave the organisation an added advantage.

Which type of scientific technique is discussed here?

Answer:

The type of scientific technique discussed here is **Motion Study**.

Question 21:

'Kanpur Leather Ltd.' is the manufacturer of leather products. It is producing on large scale and its organisational structure is functional. In the production department various foremen have been employed. Each foreman has been made responsible for production planning, implementation and control. This has led to a situation of confusion and uncertainty. Suggest a technique of scientific management to Kanpur Leather Ltd. which may help it to effectively organise planning and its execution.

Answer:

Functional Formanship is the technique of Scientific management which may help Kanpur Leather Ltd. to effectively organise planning and its execution.

In order to apply specialisation at the supervisory level, Taylor developed the concept of functional foremanship. He suggested that under the factory manager there are a planning incharge and a production incharge.

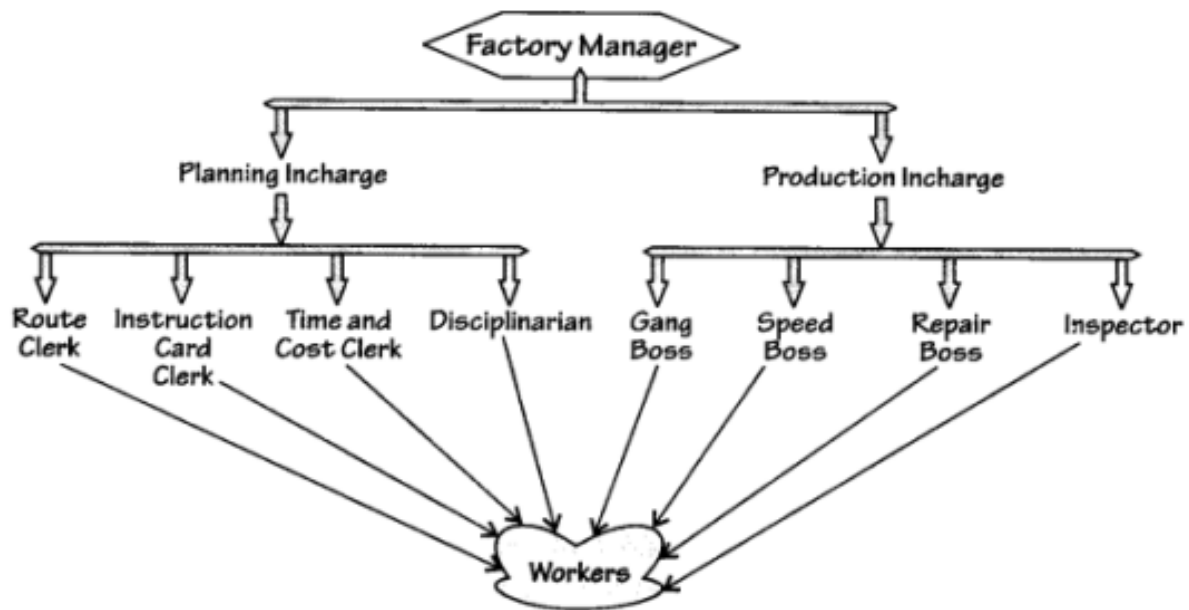
The main function of the planning incharge is to plan all aspects of the job to be performed.

Under the planning incharge four personnel are appointed:

1. Route Clerk concerned with determination of the exact sequence in which various operations are to be performed.
2. Instruction Card Clerk who issues instructions to workers for handling their jobs.
3. Time and Cost Clerk who frames the time schedule and keeps record of the cost of operations.
4. Disciplinarian concerned with enforcing the rules and regulations and maintaining discipline in the factory.

Under the production incharge, the following four personnel are appointed concerned with the execution of plans:

1. Gang Boss to arrange machines, tools, materials, etc., for the workers.
2. Speed Boss to check whether the work is progressing as per schedule and instructions issued.
3. Repair Boss to check and maintain machines and tools in proper working conditions.
4. Inspector for checking quality of the work done by the workers.



Question 22:

ABCDEF is a world renowned retail chain store. The customers here are very much pleased with the products and services provided in the stores. The customer satisfaction and internal efficiency indicator of the organisation is rated best in the industry. However there have been a few steps taken by the organisation which provide the organisation this edge. The organisation has used a special type of software which integrates all the stores and brings uniformity in its billing and working pattern.

Which principle of management is mentioned here?

Answer:

The principle of management which is followed here is '**Science not Rule of Thumb**' as the organisation tries to bring uniformity in its approach.

Question 23:

Star Limited is a garment manufacturing company which has been performing quite well. The company got a major order of 2000 shirts which it is supposed to manufacture and supply within two weeks time. On an average the company manufactures around 50 to 60 shirts in a day. Therefore, it is a very challenging task for the organisation. The management of the company asked its labour to put in extra hours without any additional payment to achieve this objective. In return, management has promised the workers that their wages will be increased on a permanent basis as soon as the project is over. The labour agreed to the management's proposal and completed the assigned task within the allotted time frame. As per its promise the management increased the wages of the workers and the project became a great success. Both management and labour honoured their

commitment.

Identify the principle of Henri Fayol which has been highlighted in the above case.

Answer:

Discipline

Question 24:

‘We are the Best’ Public School though is a disciplined organisation, It lacks well defined rules and regulations. With passage of time the management of the finds out that if there are proper rules and regulations for the students and the teachers the result of the school improves.

Which nature of principles of management is highlighted here?

Answer:

The nature of principle of management which is highlighted here is ‘**Principles of management are formed by practice and experimentation**’.

Question 25:

In a huge manufacturing company there was a constant training programme running for the workers throughout the year. The workers were trained about the machines as the management realised that management is all about the relationship among workers and their proper handling of the machines. As the size of the organisation increased the management decided to release their hold on day to day activities of the organisation. A more decentralised approach was adopted where the workers could decide about the machines and the amount of raw material required instead of the traditional centralized approach as per the needs. The management knew that the external environment is dynamic. In order to meet stiff competition they clarified to the workers that their instructions should not be taken strictly and should be moulded as per the requirements of the organisation at the level where actual action takes place.

Which natures of principles of management have been highlighted in the above case? 3

Answer:

The various natures of principles of management highlighted above are:

1. **Mainly Behavioural.** The workers were trained about the machines as the management realised that management was all about the relationship among workers and their proper handling of the machines.
2. **Flexible.** A more decentralised approach was adopted where the workers could decide about the machines and the amount of raw material required instead of the traditional centralized approach as per the needs.
3. **General Guidelines.** In order to meet stiff competition they clarified to the workers that their instructions should not be taken strictly and should be moulded as per the requirements of the organisation at the level where actual action takes place.

Question 26:

VLPS Hotels is a disciplined organisation. It has many branches. The organisation tries to apply discipline in all its branches with equal effectiveness.

However it knows that the nature and location of different branches are different. They work under the impact of different cultures and work environments. Even then discipline as an important management principle is applied to all its branches —big or small, within the country or at foreign locations. Recently it formed a special body of five members to do

research on cross functional expertise. The organisation has learnt through the experience of the competitors that understanding among various functional departments is important for increasing the productivity of the organisation. So broadly it can be understood how such body is going to affect the organisation through others' experience. When it comes to remuneration of employees the organisation adopts payment of different salaries for the same post. The logic given by the organisation is that remuneration is based on situations and depends upon the employee's capacity and the expenses involved in a particular city. Which natures of principles of management have been highlighted in the above case?

Answer:

The natures of principles of management highlighted above are:

1. **Universal Applicability.** The principles of management can be applied to all types of organisations and their branches regardless of their sizes and nature. However they should be applied with some change. Even then discipline as an important management principle is applied to all its branches—big or small, within the country or at foreign locations. .
2. **Cause and Effect relationships.** A cause and effect relationship is established by the management principles. However this cause and effect is exact as conditions are not same and differ. So broadly it can be understood how such body is going to affect the organisation through others' experience.
3. **Contingent.** A principle of management is applied according to a given situation. The logic given by the organisation is that remuneration is based on situations and depends upon the employee's capacity and the expenses involved in a particular city.

Question 27:

Example Pvt. Ltd. is an organisation which is governed by people who are egoistic and consider themselves as the most intelligent. All the suggestions made by the workers are not even attended which has resulted in many strikes during last couple of months. The result is lack of productivity. However recent reports from the organisation say that there is a training module going on for the employees so that their individual development can take place to the maximum. Some training modules are thought of being implemented. This may take the organisation out of its current bad performance. This training module which is now to be followed at the main branch will be later given a uniform format and will be applied to all branches of the organisation. .

Identify the principle of management which is violated initially and the principle of scientific management which is followed later on. Which concept of scientific management is discussed in the last part of the above case? 3

Answer:

The principle of management which is violated initially is **Cooperation not Individualism** as the suggestions were overlooked and the strikes happened. All the suggestions made by the workers are not even attended which has resulted in many strikes during last couple of months.

The principle of management which is followed later on is **Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity.** However recent reports from the organisation say that there is a training module going on for the employees so that their individual development can take place to the maximum.

The concept of management which is discussed in the last part of the case is **Standardisation.** This training module which is now to be followed at the main branch will be later given a uniform format and will be applied to all branches of the organisation.

Question 28:

Enigma Footwear is a very innovative organisation. The company has the policy of paying proper attention to the training of the managers. The organisation teaches various management principles to the managers whenever required so that they can apply them and understand the practical aspects of business through them. Year by year the organisation is able to increase its revenue. This is because the managers are able to economically use the funds of the organisation and increase the output of the workers through various principles like discipline and science not rule of thumb. This year the company will be opening its 14th branch in India. The firm has decided to start the campaign for adopting poor children. This year the target is 500 poor children due to be adopted. This will help the organisation put noticeable example in front of others who can learn a lot from this initiative of the company. Which points of importance of principles of management are highlighted in the above case? Identify the lines. 3

Answer:

The points of importance of principles of management highlighted above are:

1. Providing managers with useful insight into reality. The organisation teaches various management principles to the managers whenever required so that they can apply them and understand the practical aspects of business through them.
2. Optimum utilisation of resources and effective administration. This is because the managers are able to economically use the funds of the organisation and increase the output of the workers through various principles like discipline and science not rule of thumb.
3. Fulfilling social needs. The firm has decided to start the campaign for adopting poor children.

Question 29:

Kona Kona construction is a well known firm. It has many employees. Its core competence is in construction work but it has many other operations to tackle also. These operations are connected to public relations, advertising, finance, etc. With changing times the company has decided to outsource these services from the experts, of these fields. Thus it has decided to save time and concentrate on its main business. There is team of civil engineers who form the main body of the decision group. This group takes decision related to future construction projects after making thoughtful and justifiable conclusions. The newspapers of the country have also appreciated the efforts made by Kona Kona construction in giving better housing facilities to the people in general. Company wants to walk shoulder to shoulder with other international firms in the industry. For this it time and again prepares its employees through proper training modules which educate them about the changing situations at the global level. The net worth of the company is expected to touch ₹20,000 crores this year which is going to be a landmark achievement in the history of this firm. The company is also ranked high in fulfilling Corporate Social Responsibility initiatives.

Which points of importance of principles of management have been highlighted in the above case? Also identify the lines.

Answer:

The points of importance of principles of management which are highlighted in the above case:

1. **Meeting changing environment requirements.** With the changing times the company has decided to outsource these services from the experts of these fields.

2. **Scientific decisions.** This group takes decision related to future construction projects after making thoughtful and justifiable conclusions.
3. **Management training, education and research.** For this it time and again prepares its employees through proper training modules which educate them about the changing situations at the global level.
4. **Fulfilling social responsibility.** The Company is also ranked high in fulfilling Corporate Social Responsibility initiatives.

Question 30:

Wellness Water Purifier has seen a lot of ups and downs during last five years as a company. The most important learning the company has got is through its experiences. First three years of its existence were full of high employee turnover. The blames quite often put by the leaving employees was that of partial behavior whether it was concerned with salary, management, duty assignment, leaves, and the list can go on. Later the management after a brainstorming session realised that it was wrong in committing partial behavior towards its employees. Next two years it adopted the Fayol's principle of 'Equity' in letter and spirit. Which nature of principle of management has been highlighted in the above case?

Answer:

In the above case the company has learned from its experience on the basis of practice and experimentation that the principle of '**Equity**' should be adopted to avoid problems and increase its output. Thus in the above case the nature of principle of management highlighted is that Management principles are formed by **practice and experimentation**.