

**CAP-I New-Fundamentals of Management, Sugg.-Dec2013**

**Roll No.....**

**Maximum Marks - 25**

**Total No. of Questions - 2**

**Total No. of Printed Pages -1**

**Time Allowed – 1 Hour**

**Marks**

**Attempt all questions.**

1. Answer the following questions: (2×5=10)
- a) Explain four basic functions of management.
  - b) Explain about the steps of rational decision making process.

**Answer:**

- a) Management refers to the process of delegating tasks to employees to be performed successfully. A manager should perform the basic four functions. They are planning; organizing; leading and controlling.

Planning is defining objectives to be achieved for a given period and what needs to be done to achieve the said objectives. All management levels in an organization need to be involved in planning. Managers need to develop objectives in line with the overall strategies of the organization.

Organizing is determining what tasks are to be done, who will implement and co-ordinate it, how the tasks are to be grouped, who reports to whom and where decisions are to be made. The manager needs to logically and effectively organize the information, resources and the workflow of the organization so that he is able to react positively towards the changes in the business environment.

Leading is an art in motivating subordinates, selecting the most effective communication channels, resolving conflicts and directing as well as guiding the actions of others with the intention to achieve all objectives that have been set. The effective leader of today has to be visionary in foreseeing the future, sharing the vision and encouraging employees in realizing the vision.

Controlling is the measuring of performance in all pre-determined objectives, determining reasons for deviation and taking appropriate actions, where necessary. Controlling is an important function in the management process as it provides ways to ensure the organization moves towards achieving its objectives.

- b) Decision making is an important function of a manager. It seems simple, however, to ensure that the decision made is the best, the decision must be rational. This means that the decision taken has to be based on facts, opinions and reasonable reasons. Therefore, systematic evaluations have to be conducted in the overall process of decision making. In summary, making rational decision can be defined as a systematic process in defining problems,

evaluating decision alternatives and selecting the best alternative decisions available as follows;

(i) Defining Problems : The first step in rational decision making is to identify the problem. At this stage, a manager needs to identify the problems faced, the source of the problems and how to resolve them. For example, your office is facing delayed work problems. When analysed, it is found that the problems originate from shortage of computers in the office. Therefore, the management agrees to purchase more computers for office use.

(ii) Identifying the Decision Criteria: After identifying the problems, the next step in rational decision-making is to establish the decision criteria. The decision criteria refer to the standards or features that will be taken into consideration when making a decision. Referring to the above example, since the management had decided to purchase new computers, then what are the criteria that will be taken into consideration when selecting the new computers? Based on the aspects of pricing, quality, compatibility with the other equipment and warranty, that is the after sales guarantee. These factors of price, quality, compatibility and warranty are the factors in decision criteria.

(iii) Allocating Weights to Each Criteria: After identifying the criteria that needs to be taken into consideration when making decision, the next step will be to allocate weights to each of the criteria by comparing criteria directly each other. That helps to identify which are the most important criteria, the second important criteria and thereafter the next lesser important criteria for the decision maker. Meaning to say, decision criteria are arranged according to priorities. The priorities of an individual might be different from another individual. Based on the example given above, you might place the quality factor as the most important, followed by compatibility factor, pricing factor and lastly the warranty factor.

(iv) Generating Alternatives Solutions: Once you have identified and allocated weights to the criteria decision, the next step is to develop as many alternative solutions as possible. The more alternatives generated, the better the process. Based on the examples above, in order to purchase a new computer, the alternatives that can be taken into consideration will be Acer, IBM, NEC, Serindit, Compaq and others.

(v) Evaluating Alternatives: At this level, every alternative will be compared with each decision criteria. This is to determine the extent of the alternatives to fulfil the decision criteria that had been set. Usually, this level takes the longest time as there is a lot of information that must be collected first before comparisons can be made. It also involves the use of a huge sum of money. This means, all the alternative solutions, which are Acer, IBM, NEC, Serindit and Compaq, will be evaluated from the aspects of quality, compatibility, pricing and warranty

(decision criteria). The more decision criteria that are fulfilled by an alternative, the better the alternative will be.

(vi) **Selecting the Optimal Decision:** The last step in the process of making rational decision is to select the best alternative solution available. The best alternative is the alternative that fulfils all the decision criteria according to the importance that has been arranged. However, if there are no alternative that could fulfill all the decision criteria according to the arrangement set, then the alternatives that fulfill the most of the top criteria will be selected.

2. Answer the following in brief (Any Five):

(5×3=15)

- a) Types of organization
- b) Importance of motivation
- c) What do you understand by brainstorming?
- d) Theory X and Theory Y
- e) Decisional roles of a manager
- f) Reasons for decentralisation

**Answer:**

- a) There are many types of organizations. They can be classified on different bases. The most common classification of organization is based on their nature and purpose. Business, service, mutual benefit, government and international organizations are some types of organizations.

Business organizations are economic entities established for the purpose of making economic gains. They are engaged in the production and distribution of products as goods, services or ideas to make profit. Many organizations are formed not for profit making but for providing services to the clients or the community. These nonprofit social organizations are called service organization which can be educational, health, religious or non-government organization. Mutual benefit organizations safeguard and promote the interests of their members. Labour unions, trade associations, chamber of commerce and community clubs are some example of mutual benefit organizations. Government organizations are engaged in providing public services. The primary beneficiaries are general public. Government organization is also known as commonweal organization. International organizations are engaged in promoting the collective interests of member countries. UNDP, World Bank and WTO are some example of international organizations.

- b) Motivation means inducement to act or move. It is an inner impulse that induces a person to act in a certain way. In an organizational setting, motivation means to make an employee act in a desired manner. Motivation is willingness to put high level of efforts to achieve goals. Motivated workforce is essential for efficient working and productivity and thus for attaining organizational objectives. One of the important determinants of performance is motivation. So motivation is very important factor and function of management. Motivation is important from angle of productivity, retention, creativity and community. Motivation is important in understanding employee behavior at work. It gives purpose and direction to behavior. Managers understand why people behave as they do performing the function of motivation.

Motivation improves productivity. Motivated employees are more productive in terms of performance. It is essential for effective utilization of employees so it is important.

Motivated employees are quality-oriented. They minimize scrap and waste for efficiency. Total quality management is facilitated by motivation. Motivation helps retention of competent employees. They feel a sense of belongingness and pride in staying in the organization. Motivated employees are creative and innovative. Changing management is facilitated and creativity is promoted by motivated people. Motivation is important for employee commitment. Employee commitment leads to reduced absentism, better employee discipline and increased employee loyalty.

- c) Brainstorming is a method that normally used in group decision making. It is a technique that encourages the generation of ideas as much as possible without any criticism. The purpose of brainstorming is to extract ideas from each group member openly. A group brainstorming activity that is effective usually consists of five to seven individuals.

In this method all the group members will propose their own ideas according to their turns. In the early stage, all ideas whether good or bad, suitable or not suitable, are accepted without being evaluated for the purpose of motivating all members in the group to generate more ideas. This process will continue until no more ideas are proposed. After all the ideas have been collected, only then evaluation will be made, that is by discussing the advantages and disadvantages of the ideas given and thereafter the best decision will be made. This method is good to be used for the purpose of generating more ideas.

- d) Douglas McGregor (1906 - 1964) introduced Theory X and Y about employees. McGregor had the classical perspective that was based on Theory X about employees, while Theory Y is a more realistic view of employees towards the management mindset. Theory X comprised of negative attitudes, while Theory Y comprised of positive attitudes. Theory X states that people:

1. Dislike working and prefer to receive directives;
2. Must be forced to work;
3. Prefer to avoid responsibilities and have low ambitions; and
4. Priorities requirements for security rather than other requirements, that is Theory X is of the opinion that people define work as only a necessity to live and will avoid work whenever possible.

Whereas Theory Y states that people:

1. Prefer to work;
2. Will achieve the objectives that are assigned/entrusted;
3. Will accept and seek responsibilities; and
4. Have the intellectual ability that can be used to achieve organization objectives.

Theory Y was of the opinion that people will be satisfied with their jobs if the working environment is suitable and they could implement their responsibilities well.

Although most companies use/apply Theory Y in their management, Theory X is still being used in the management of some companies.

- e) A manager requires information to make decision. Without information, it is really difficult to make decisions in time. By virtue of his position, he has to make decisions to buy machine, to select the best employee, to make additional investment in building house and to assign responsibilities for subordinates. Below are presented four decisional roles of a manager:
- **Entrepreneur.** Entrepreneurs are self-driven persons who start and run business with full enthusiasm and efforts. They are always looking for new business opportunities and projects. As an entrepreneurial role, a manager has to make decisions to start new business, to involve in examining the environmental forces that pose threat to work in the future, and work with new and creative ideas to innovate the product and so forth.
  - **Disturbance handler.** A manager has to engage in responding involuntary pressures due to increasing indiscipline at the workplaces. Disturbances start from increasing employees' dissatisfaction, dishonesty at work and due to frustration among the workers. A manager cannot have a ready-made contingency plan to solve these problems. S/He has to handle the disturbances in such a way that it would lead to the smooth functioning of the organisation.
  - **Resource allocator.** Manager has to decide on who gets what in his or her unit. Resources are money, time, material, information and men. The role of manager is to allocate these resources properly for the achievement of given objectives. Manager decides about the resource requirements of different units to distribute resources among these units.
  - **Negotiator.** A manager has to engage in the process of negotiation with the agents from inside and outside the organisation. Internal agents are the employees, union members and departmental heads who are interested to get the resources, economic benefits and clear roles and responsibilities. External agents are the suppliers, government offices, customers and middlemen. When conflict arises, manager has to sit to negotiate to solve the problem with the concerned party.
- f) In a decentralized form of organisation the individual employees enjoy more power and authority than those of centralized form of organisation. Some reasons for decentralization in organisations are:
- **To delegate power and authority:** Decentralization helps to delegate authority and power of decision-making to the bottom level chain of command, so far as possible.
  - **To deal with environmental complexity and uncertainty:** Decentralization helps to respond the growing uncertainty created by the present day's environmental complexity.
  - **To encourage participation:** Decentralization facilitates employees' participation at all level of management. In a centralized structure it is difficult to enhance the level of such participation.
  - **To attract qualified people in organisation:** Skilled and qualified people generally like to work in a decentralized organisation. Centralized structure is generally fit for those who are learners, and need frequent instructions and orders.