

Fundamentals of Management
Suggested

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) Contributions of scientific management.
 - b) Importance of human resources management.

Answers:

- a) The main areas of contributions include labour-management relations, increased output, improved quality, lowering costs, questioning old habits, experimentation, clear tasks and goals for workers, feedback from the job, mutual help and support, stress reduction and careful selection, and training and development of people. Some of these contributions made by Taylor's scientific management approach are as follows:
- **Separation of planning function from its execution.** One of the focuses of scientific management was on separating planning functions of a manager from its execution. If planning and implementing functions are carried out by the same manager, there will be no control over the performed activities. There should be clear division of responsibility between the management and workers.
 - **Manager to plan in advance to the work.** Scientific thinkers of management believed that every manager has to work with a plan in advance. Working without pre-planning creates chaos.
 - **Manager to select and train the workers.** Work efficiency depends on fitting worker with jobs. Therefore, managers have to stress on scientific selection and training and development methods of the workers. New employees should be trained to develop their efficiency so as to fit them in their jobs.
 - **Time and motion study.** Scientific technique for the study of time and motion started to increase workers' welfare. This will help to analyse fatigue, and check accident at the shopfloor.
 - **Differential wage plan.** Taylor was in opinion that money works as a strong motivating factor in the job. He argued that worker who works more should be paid more wages compared to those who work less. Only then, workers put more efforts in the work, and productivity will rise. This is what we call Taylor's "economic man" assumption.
 - **Standardization of tools and equipment.** Taylor introduced scheme of standardisation in respect to tools and equipments. He argued that standardisation of tools and equipments increases efficiency of the workers.
- b) The importance of human resource management has been increasing due to changing nature of work force, technology, complexity and competition. People are the source of competitive advantage. HRM puts emphasis on management of energies and competencies of employees. It attracts and selects right quality of people. It gives attention to their development. It ensures their effective utilization through motivation and performance management. It retains them through attractive compensation system and welfare schemes.
HRM helps organizations to cope with problems. Trained and competent people tend to be ready

for problem solving. Proper management of human resources helps organizations to achieve their goals efficiently and effectively. It provides congenial work environment. Healthy labour relations are the key to organizational success and HRM ensures harmonious labour-management relations.

2. Answer the following in brief (Any Five): (5×3=15)
- a) Components of business environment
 - b) Job enlargement and enrichment
 - c) Management by exception
 - d) Importance of planning
 - e) Bureaucracy theory
 - f) Esteem verses self-actualization need

Answer

- a) The components of business environment can be classified into two broad categories: internal environment and external environment.

Internal Environment: Employees, structure, corporate culture shareholders and unions are the forces that shape the internal environment. Without cooperation of employees, organizations cannot attain their expected goals. Structure is the overall framework for organizational roles, rules and relations. Corporate culture is an assumption that members of an organization share in common by their beliefs and values. Shareholders being the owners of business have a direct interest in the performance of organization. Labour unions represent the feeling of their members to management.

External Environment: The external environment can be classified into two interrelated sub-categories: general environment and task environment. The general environment is composed of a set of forces that are outside the organization's operating system and beyond the control. These are economic environment, socio cultural environment, political environment, legal environment and technological environment. The task environment involves factors in the immediate competitive situation of a particular organization like customers, suppliers, competitors, special interest groups, financial institutions and media.

- b) Job enlargement is a method to overcome the disadvantages of work specialization. Job enlargement adds the number of tasks in an activity. For example, before this, the employee only needed to handle burger packaging but when the scope of work is widened, the said employee now no longer only performs packing activities but also performs other activities such as putting in the sauce and labeling the burgers. Many employees say that they are stressed due to job enlargement. Whereas some employees feel that job enlargement gives them opportunities to develop other skills.

Job enrichment is an increase in the number of tasks in the activities and gives the employees authority and control in making decisions related to their work. Psychologists including Frederick Herzberg state that as employees only handle a few tasks, they are quickly bored. Simple and easy activities are not what they are looking for. Other psychologists such as Herzberg, Maslow and Alderfer believe that what is required by employees from their work activities is work achievement that comes as a result of doing a job successfully and the recognition of success that comes with the use of the skills and potential that they have. Job enrichment tries to manage dissatisfaction issues by adding depth to the work.

- c) Management by exception is one the principle of management. This principle says two things. First, Managers should not overload themselves with routine and repetitive types of work. They should be selective and keep time available for exceptional or critical issues, which need their attention. Second, the manager should make big decisions first. Being

overload with petty decisions may mean neglect of more important ones, or what has been called 'postponing decision until they become unnecessary'. In short, management by exception means selectivity in work and priority in decisions.

d)

- **Planning provides future direction.** Planning provides certain directions for our managers and other organizational members to achieve goals. Such directions are helpful to integrate activities of various departments, people and schedule for the future operations.
- **Reduce uncertainty.** Planning helps to reduce future uncertainty. Business environment always changes. Managers with the help of preplanning can decide on course of action to be taken under certain environmental conditions so that uncertainty can be minimized.
- **Less overlapping and wasteful activities.** Planning helps to minimize overlapping and wasteful activities. When activities are planned in a coordinated way, there is no chance of overlapping of activities between different departments. Similarly, when coordination is maintained wastage activities will be controlled.
- **Planning as a controlling tool.** Planning works as a tool for controlling time and other resources. Managers develop goals, standard of performance and allocate responsibility to achieve the given goals. The work of controlling facilitates to implement plan properly and to achieve organisational goals ultimately.
- **Increase organisational performance.** Planning is done to increase organisational performance. A number of researches in the past claim the relations between planning and organisational performance. An organisation engaged in planning activities makes higher profits, earns higher return on investment, maintains good relations between and across the work units and satisfies employees' needs.

e) Max Weber propounded the bureaucracy theory of management. This theory stresses strictly defined hierarchy, clearly defined rules and lines of authority. It was regarded as the most efficient model to manage complex organizations. Scalar chain from top to bottom is followed. Management by rules is practiced. System of procedures is laid down to deal with work situations. Social distance between superior and subordinate is kept to ensure impartiality. Job specialization is practiced here. Each department looks after a specific function. Division of labour based on functional specialization is followed by bureaucracy theory. Decision-making is rational based on clear-cut objectives, rules, procedures and authority.

There are some limitations of bureaucracy theory. It cannot change with the dynamic changes in the environment. It is rigid so lacks innovation and flexibility. Routine matters take a lot of time of top managers. Role conflicts occur due to outdated systems of authority and control.

f) **Esteem needs.** Once social needs are satisfied, the esteem needs become predominant. Esteem needs include the needs for self-respect, respect of others and ego or status. Self-respect is the internal recognition, whereas respect of others is the external recognition. Self-respect can be provided by the manager by offering a nice office, job title and similar pay arrangements. On the other hand, people may be motivated by giving them challenging and meaningful jobs. These are the special sources of motivation to work.

Self-actualisation needs. This is the final and the highest level of needs that arise after the completion of the other four needs in Maslow's hierarchy of needs. The self-actualisation needs include achieving the potential within oneself, maximum self-development, creativity and self-expression. The fulfillment of such needs depends on how a manager provides

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opportunities for his subordinates to participate in decision making, learn new things on the job and in the organisation. In other words, in this stage employees seek challenging work assignments that allow for creativity. There should be opportunities for personal growth and advancement.

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