

# NCERT Solutions for Class 12 Business Studies

## Chapter 2 – Principles Of Management

### Very Short Answer Type:

1.

**What makes principles of management flexible?**

**Ans:** The demand of the situation is the primary factor that makes the principles of management flexible.

2.

**State the main objective of time study.**

**Ans:** To find out the time taken to do a well-defined work.

3.

**Name the principle that is an extension of the 'harmony, not discord'.**

**Ans:** Cooperation, not individualism.

4.

**State any two causes of fatigue that may create hindrance in the employee's performance.**

**Ans:** The two things that make you tired are:

- Long hours of work without breaks,
- Unpleasant working conditions.

5.

**SanakLal and Gagan started their career in Wales Limited (a printing press) after going through a rigorous recruitment process. Since they had no prior work experience, the firm decided to give them one year to prove themselves. Name the principle of management followed by Wales Limited.**

**Ans:** Wales Limited adopted the rule of "Stability of Personnel."

6.

**Which technique is used by Taylor for distinguishing efficient and inefficient workers?**

**Ans:** To distinguish between efficient and inefficient workers & tailors used a differential piece wage system, which meant paying according to their efficiency.

### **Short Answer Type:**

1.

**How is the Principle of 'Unity of Command' useful to management? Explain briefly.**

**Ans:** The convention that a person should get orders from only one superior to avoid any further confusion about what to do and whom to report to is called Unity of Command.

This technique leads to a smoothened workflow along with constant stability in the organization, making it a necessity for management. This Unity of Command helps all the employees to be more categorized and therefore more proficient in their work.

2.

**Define scientific management. State any three of its principles.**

**Ans:** The aim of achieving better quality along with cost reduction resulted in the development of Scientific Management, which is the use of tools and techniques with some specialised personnel to perform the task. In 1911, Frederick Taylor developed this theory of management, highlighting the ways of getting better quality under budget.

This theory is followed by three principles, they are:

- A. **Science overrule of thumb:** The rule of thumb states finding solutions through trial and error, but Taylor suggests the use of scientific methods to save time and materials.

- B. **Cooperation over everything else:** Both the workers and management should have a spirit of cooperation rather than having a spirit of individualism, which means management should consider all the good suggestions given by the workers, and on the other side, the workers should not make unreasonable demands to the management.
- C. **Primary gold should be development:** Taylor wants the employees to grow and expand their skill sets in how to do their tasks more efficiently and thus advance in their careers.

3.

**If an organisation does not provide the right place for physical and human resources in an organisation, which principle is violated? What are the consequences of it?**

**Ans:** When an organization fails to provide the right place for physical and human resources, it violates the principle of 'order', which asks for a particular place for every person, along with everything. And violating this principle leads to inefficiency and in-organization in work as a lot of energy and time gets to vain in finding out the resources, thus leading to eventual delay in taking decisions or performing any work.

4.

**Explain any four points regarding significance of principles of management.**

**Ans:** These are the importance of principles of management:

- A. **Utilization of resources to their maximum extent along with working administration:** Rather than wasting the time of the employees by continuously working on trial & error methods, principles of management guide the manager in a way that gives him/her whatever & whenever needed. Therefore, it leads to maximum utilisation of resources along with increased proficiency in work.
- B. **Decisions based on Science:** Principles of management believe in logic more than blind faith. Therefore, focus on scientific decision-making as the decisions rooted in principles are far from any kind of bias or prejudice.
- C. **Valuing environmental needs:** Principles of management are flexible and thus can be altered, considering the environmental needs.
- D. **Suggest meaningful insights to the manager, keeping in mind the real-world scenarios:** As principles of management consider past errors before providing any kind of insight into reality, it also provides solutions to current problems. These principles of management also help in increasing managers' knowledge, skills, ability, and understanding of managerial situations and circumstances.

5.

**Explain the principle of 'Scalar Chain' and gang plank.**

**Ans:** A precisely described chain of communication which flows from up to down, followed by the manager, is known as 'Scalar Chain'. To avoid any kind of mishap in communication, this scalar chain is used, which helps in passing the information in a particular way.

To the contrary, Gang Plank was introduced, which states that during an emergency, when immediate communication is needed, and therefore the managers sitting in the same managerial strata need to communicate, Gang Plank would be the best way to.

For instance:

- B & F being in the same level, C and G being in the same level, and D and H being in the same level, A is heading 2 teams.
- B – C – D and F – G – H is the line of communication, whereas per the principle of solar chain, D and H cannot have direct contact with each other.
- During an emergency, it takes a lot of effort to communicate with each other.
- Exactly here was introduced Gang Plank, where, during an emergency, employees working at the same level, like D and H, could contact each other.

6.

**A production manager at top level in a reputed corporate, Mr. Rathore holds the responsibility for ordering raw material for the firm. While deciding on the supplier for the financial year 2017-18, he gave the order to his cousin at a higher price per unit instead of the firm's usual supplier who was willing to lower the rates for the order. Which principle of management was violated by Mr. Rathore? What are the positive impacts of following the above identified principle?**

**Ans:** Violation occurred according to the principle of subordination of individual interest to general interest. As this principle suggests, prioritizing organizational goals over any kind of personal goals. Following this principle can lead you to:

- Personal goals and organizational goals should be better coordinated.
- Organizations should focus on keeping a proper state of peace and harmony between each other.
- As the priority is organizational goals, it leads to improved employee productivity, which further leads to enhanced personal achievements.
- There is not much distance between the employees and the organization.

- Organizational goals reach the height of the sky.

## Long Answer Type:

1.

**Explain the Principles of Scientific management given by Taylor.**

**Ans:** The principles of scientific management by Taylor are:

- Rule of thumb is not better than science:** Rule of thumb is learning from mistakes, that is, finding a solution through a trial and error approach, but according to the principle, the management should work using scientific methods only. This is because, according to Taylor, the use of scientific methods could result in both savings of time and materials along with more simplicity in enacting works.
- More than individualism, cooperation is required:** Both the workers and management should have a spirit of cooperation rather than having a spirit of individualism, which means management should consider all the good suggestions given by the workers, and on the other side, the workers should not make unreasonable demands to the management. And this system can create a beautiful, cohesive bond between the individual and the firm.
- Peace is preferred over any kind of dispute:** A parallel strata of peace should be maintained between the management and the workers so that the work flow of the organization doesn't get disrupted rather stays smoothed. The manager should provide the workers with incentives as he is the one being the link between the workers and the owners and therefore this step can motivate the workers to be more productive and sincere with their work and also Mental Revolution should be taught and performed so that at times of conflict both the management and the workers should recheck their thought process & not blame each other.
- Personal development:** After all the motivation given to the employees/workers, as I talked in the previous point, they should also have enough talent or enough quality to gain that, and this principle lets the management provide all the training and adequate opportunities for the employees to grow and bloom like a flower, hypothetically touching the sky.

2.

**Explain the following Principles of management given by Fayol with examples:**

**a. Unity of direction**

**b. Equity**

**c. Espirit de corps**

**d. Order**

**e. Centralisation and decentralisation**

**f. Initiative**

**(a) Unity Of Direction**

**Ans:** As per the principle, if each unit of organization has the same head, then the whole organization will move towards the same objective. Therefore, each division should have its head, own people in charge, and their independent resources so that the objectives are not one but variable, which leaves various aspects to be checked out. For example: If a company is producing two products, each product should have a different and separate person who is responsible for showcasing the different take towards the product, and no cases of repeating or duplication of tasks, as duplication clearly states that the resources are not utilised to their full potential.

**(b) Equity**

**Ans:** This principle allows no partiality, hence all the employees are provided with the same kind of treatment, or as close as possible. The caste of the employees or religion or complexion, nationality, etc., should not be any excuse for any kind of discrimination. All men and all women should be treated equally in the company.

**(c) Esprit de Corps**

**Ans:** Esprit de Corps decipher the fact that Unity is equal to Strength. So, this principle states how the management should invest in bringing energy of trust from both sides and a sense of belongingness among the team members. Under this principle, 'we' is much preferred over 'I'. It's exactly like how in the military, each military performs together, maintaining the trust and confidence of other members, to achieve the goals more efficiently.

**(d) Order**

**Ans:** An organised organization is always better than an unorganised one. Things or people should be in their places as provided; this helps in performing the work more systematically when needed. For example: There is a plant layout and two machines are used Machine 1 and the Machine 2, now only if the Machine 1 and the Machine 2 are consecutively in their places then only the work can go on smoothly otherwise, there can be a huge delay in the whole process of production, which can further lead to less productivity with increased costs.

### **(e) Centralisation And Decentralisation**

**Ans:** When all the power is in one person's hand, it is called Centralisation, and when the power is divided or shared between the authority of middle and lower levels, then it is called decentralisation. According to the principle, both extremities could be harmful for the organization. Therefore, balance should be maintained. For instance, in an organization when all the decision-making powers are in one hand, it is centralisation and when it is scattered throughout it is decentralization now both seems quite unlikely & a middle way where each sectors have one head and nor give no power to only one person in the firm neither scattered to all, this can lead to a efficient work environment.

### **(f) Initiative**

**Ans:** This principle states that when workers are provided with incentives work much better towards the goal or the achievement because incentives are not money but appreciation for the given effort. And also make them keen for more upcoming incentives if they work better. For instance, when you give a suggestion to your manager and he takes it with a positive aura and performs on it, thus providing you with an incentive for the particular suggestion that worked for them.

## **3.**

### **Explain the technique of 'Functional Foremanship' and the concept of 'Mental Revolution' as enunciated by Taylor.**

**Ans:** The principle of division of labour is extended to the technique of 'functional foremanship' in which each worker works under eight foremen in the function of production.

This 8 foreman has two specific charges to take care of:

- Planning in charge
- Production is in charge.

Planning in charge consists of:

- **Instruction card clerk:** Workers are provided with information by him.
- **Route clerk:** The production route is managed by him.
- **Time and cost clerk:** He makes sure that the time and cost sheet is ready.
- **Disciplinarian:** Discipline is for him to ensure things are working properly.

Production in charge consists of:

- **Speed boss:** He makes sure that the task is performed within time and in a proper manner.
- **Gang boss:** Machines and tools are his responsibility.

- **Repairs boss:** He makes sure that the machines are in proper order and repairs the machines if they're not.
- **Inspector:** He rechecks the quality of work done by the employees.

### **Mental revolution:**

The transformation of the mindset of the employees, along with their attitude and management towards each other, is called a mental revolution. By trying their absolute best and attending to one another's needs, executives and employees can help to keep the office peaceful and harmonious. For them to accomplish this, they must realize how important it is for them to work together to create a positive atmosphere within the company.

4.

### **Discuss the following techniques of Scientific Work Study:**

#### **a. Time Study**

#### **b. Motion Study**

#### **c. Fatigue Study**

#### **d. Method Study**

#### **e. Simplification and standardisation of work**

##### **(a) Time Study**

**Ans:** Every well-defined job needs a generic time to perform, and Time study helps us to find that particular time. Along with this, it also assists in deciding the wages of the employees, drafting incentive schemes, and manpower requirements, etc.

##### **(b) Motion Study**

**Ans:** During a job, every changing position, lifting objects, and pulling objects are observed by a particular study known as Motion Study. This motion study then eliminates the movements that are unnecessary to perform the task and therefore leads to the saving of time.

##### **(c) Fatigue Study**

**Ans:** This study analyses the number of hours of rest taken between completing a task. As rest is a very important factor in performing a task, this study calculates the number of intervals taken by an employee while completing a task to regain their energy.

##### **(d) Method Study**

**Ans:** This method study is done to find out the best way of performing that task so that the minimised cost of production can be the priority, keeping in mind the maximization of the

quality of the product and satisfaction of the customer.

### **(e) Simplification and Standardisation of Work**

**Ans:** Setting a particular benchmark or a standard for a business is called Standardization of work. Standardization promotes achieving a great quality of work and products by making the men and women more efficient with machines. And the product quality will be standardized by using gold (hallmark), agricultural products (Agmark), and industrial products (ISI), which assure the quality of the product.

The elimination of unused and unnecessary diversity in the products is called Simplification of work. Through this simplification, factors like cost of labour, machine & tools have increased turnover could be positively impacted. For example: shoe sizes, cloth sizes such as M, L & XL are to avoid unnecessary expenses.

5.

### **Discuss the differences between the contributions of Taylor and Fayol.**

**Ans:** The differences between the contributions of Taylor and Fayol are:

<b>Basis of Comparison</b>	<b>Taylor's Contributions</b>	<b>Fayol's Contributions</b>
<b>Concept</b>	Theory of management with the eyes of science	General theory through the eyes of administration
<b>Personality</b>	Taylor was a practitioner	Fayol was a scientist
<b>Focus</b>	Higher level of management	Lower level of management
<b>Applicability</b>	Only in special situations can you use this	This is for universal use
<b>Objective</b>	This increases productivity	This improves overall administration
<b>Basis of formation</b>	This is based on observations and experimentation	This is based on personal experience
<b>Approach</b>	Approach taken by an engineer	Approach taken by a manager

6.

**Discuss the relevance of Taylor and Fayol's contribution in the contemporary business environment.**

**Ans:** The relevance of Taylor and Fayol's contributions in the contemporary business environment is:

- **Act as guidelines:** Through this principle, the managers get guidelines to guide the employees in their work.
- **Flexibility:** Modification, considering the demand of the situation, leads to the problem being solved by the manager easily.
- **It can be used in several situations:** The fact that it can be used for various situations makes it more applicable.
- **Provides lessons:** This principle teaches Real World Business and therefore helps the manager and the employee to learn from previous mistakes.
- **Universally applicable:** This principle is applicable generally everywhere, which makes it more efficient.
- **Higher efficiency:** By improving the efficiency and effectiveness of the present employees, the cost of further resources could be saved.

7.

**'Bhasin' limited was engaged in the business of food processing and selling its products under a popular brand. Lately the business was expanding due to good quality and reasonable prices. Also with more people working the market for processed food was increasing. New players were also coming to cash in on the new trend. In order to keep its market share in the short run the company directed its existing workforce to work overtime. But this resulted in many problems. Due to increased pressure of work the efficiency of the workers declined. Sometimes the subordinates had to work for more than one superior resulting in declining efficiency. The divisions that were previously working on one product were also made to work on two or more products.**

**(a) Identify the principles of Management that were violated by the company:**

**Ans:** The following principles of management were violated by the company:

- **Unity of Command:** More than one superior/head was advising the employees to work according to them, therefore creating confusion.

- **Unity of Direction:** No particular project was worked on by any particular division. Rather, each division was working on various kinds of projects.
- **Esprit de Corps:** The employees have no sort of unity among each other.
- **Discipline:** Extreme pressure started to take away the workers' discipline.
- **Incentive:** With a lack of incentive, workers were not getting motivated for that extra step of energy towards the work.
- **Order:** Change was implemented before having a proper infrastructure.
- **Division of Work:** Because there was no proper division of work, some worked for less time, and some worked overtime.

**(b) Explain these Principles in brief**

**Ans:** The principles state that:

- **Unity of Command:** Each individual should be under only one superior so that any further confusion doesn't occur in the minds of the employees and the employers regarding the task to be performed.
- **Unity of Direction:** The principle states that each unit of organization should lead to only one designated plan or idea to achieve that particular goal. And also, to avoid any kind of confusion or overlapping activities, each division should have its head, and the whole division should perform according to the instructions given by that particular head.
- **Esprit de Corps:** A presence of mutual trust should be promoted immensely to perform the work better, and also a sense of belongingness is necessary for all the team members. The word 'We' should be prioritized more than the word 'I'.
- **Discipline:** Discipline is a very important factor leading to the growth of any organization. Therefore, every person should be under certain rules and regulations provided by the organization.
- **Initiative:** Fayol asked to motivate and encourage even the freshers to make and execute ideas with proper guidance and limitations.
- **Order:** Each person and each thing should have its place so that when in need, it is found easily and the activity is performed smoothly.
- **Division of Work:** Tasks should be divided according to their capability between a specialist and a trained employee.

**(c) What Steps should the company management take in relation to the above principles to restore the company to its past glory?**

**Ans:** Steps which can be taken by the company management about the above principles to restore the company to its past glory are:

- Workers should be provided with proper motivation and enough incentives.
- Science should be brought into the process of management.

- A developing organization always focuses on teamwork and coordination between the employees and the manager.
- Each subordinate should have only one instructor for a smoother flow of work.
- Each product should have its segregated divisions.
- Having a proper infrastructure should be the priority of the organization.
- Optimized division of work should be introduced, along with almost no overtime.