

Khandelwal Vaish Girls Institute of Technology

Internal Examination 2017 - 18

Fundamentals of Management

MBA Semester I

Question Paper & Answer Key

MM: 30

Time : 02:30 hours

1. **Write a short note on Scientific Management.** (5)

Ans. **Introduction:** Scientific management is a part of early management approaches. The chief contributor of scientific management is F. W. Taylor. He is known as Father of Scientific Management (1856 to 1915) was born in USA.

He did most of his schooling in France & Germany. He couldn't finish his graduation & join Midvale Co. (Steel Work). He worked there for 6 years. In 1884 he raised to the position of Chief Engineers, as mean while he obtained Masters Degree in Physics, Mathematics & Engineering.

In 1898, he joined Bethlehem Steel Co. where he did his experiment to increase the loading capacity of each worker with regards to material handling equipment. At first one worker was engaged in loading 12.5 tons of iron. But with the help of time & motion study he proved that one man can load 47.48 tons because of the change in the size of spade & systematic arrangement of instruments. With the help of proper planning organization can earn more profit. Initially the workers in that company are 500 to 600 because of this the strength of workers reduce to 140 and profit increased by 78,000 dollars.

According to F.W. Taylor Scientific management is concern with exactly knowing what you want men to do & then see that they are doing in best & cheapest way.

Contribution of F. W. Taylor:

- At Midvale Steel Co. he improved proper distribution of work for each worker.
- In Midvale Steel Co. he analyzed the work done by workers in specific job & allotted standard time.
- He also made experiments on time study & motion study to decide the work load of each worker.
- In Bethlehem Steel Co. he had made experiments with material handling equipment for increasing the capacity of each worker.
- In 1901, he presented a paper on differential piece rate system.
- In 1906, he published article on art of cutting metals.
- In 1903, he presented important paper on shop management – In that he explained gang boss, speed boss, repair boss & inspector.
- In 1911, he gave the principles of scientific management, for which he is remembered as 'Father of Scientific Management'. In that he has explained:
 - Friendly relationship between workers & management.

- Scientific education to the workers.
- Scientific selection of workers so that each worker could be given responsibility for the task.
- Development of the true science of management with proper analysis in the organization.

Mechanism of Scientific Management:

- **Separation of Planning & Doing-** Before Taylor's scientific management a worker used to plan about his work & instruments necessary for that. Supervisors' job was to see how the workers were performing. This creates a lot of problems. So Taylor has separated planning & doing authority.
- **Functional Foremanship-** Separation of planning from doing resulted into development of supervision system. In this system 8 persons were engaged, out of that 4 persons were engaged in planning department. They are time & cost clerk, routine clerk, instruction card clerk & disciplinarian. In production process 4 personnel were engaged, they are speed boss, repair boss, supervisor & gang boss.
- **Job Analysis-** It is related with finding out best way of doing. It means that least movements in doing job. It will lead to complete production in less time & lesser cost. It includes:
 - **Time Study-** It means determining time required to complete a job in a particular time. The movement which takes minimum time is the best one.
 - **Motion study-** It means study of movement while performing a job i.e. elimination of wasteful movement in performing a job, only necessary movements are engaged.
 - **Fatigue Study-** It shows the amount & frequency of rest required, while completing the work. After certain period of time workers feel fatigue & can't work with full capacity. Therefore they require rest in between. When rest is allowed they start working with full capacity.
 - **Standardization-** As far as possible standardization should be maintained in respect of instruments & tools, period of work, amount of work, working conditions, cost of production etc. these all things are fixed in advance on the basis of job analysis.
 - **Scientific Selection & Training of Workers-** Taylor has been suggested that worker should be selected on scientific basis taking into account their education, work experience, attitude & physical strength.
 - **Financial Incentives:** Financial incentives help to motivate workers in maximum efforts. Higher wages lead to increase in efforts. He applied differential piece rate system. According to him workers have to complete the work within specified time and then only he will get wages at higher rate per piece & one does not complete a job gets a lower rate. Wages should be based on individual performance & not on the position occupied.

- **Economy-** Techniques of cost estimated & control should be adopted. Waste should be controlled properly. Profit will be achieved with elimination of wastage. He explained how resources are wasted.
- **Mental Revolution-** Scientific management depends upon mutual co-operation between workers & management. Taylor say's great revolution takes place in the mental attitude of two parties under scientific management. He has given systematic design of work. Labour management, co-operation required a complete mental change on the part of both parties. The workers have specific duties towards management & vice-a-versa. The method of scientific investigation & knowledge should be accepted by both parties.

Criticisms: In the beginning Taylor's scientific management was considered as something very unique. But after some time it was subjected to several criticism. Some are following:

- Taylor's scientific management was related to production management. It takes practical view of management & focuses attention only on the production management. Taylor's study of management has become the study of lower level management. He stressed on efficiency on lower level. He has neglected marketing, financial and decision making aspects completely.
- Scientific management is applicable to large scale organization. It involves high expenditure. It is a luxury for small scale organization. It involves research, experiment & analysis. It is difficult for small scale organization.
- It was also argued that devices of work analysis, time study & motion & fatigue study can't be applied in the practical life.
- The idea of best way of doing a job was also criticized. Everyone has his own natural style of work & he can give best only if he is allowed to work in his style. The maximum efficiency will be attained by the group & not by individual worker.
- Wages of workers are not increased in a direct proportion of productivity. It leads to exploitation to workers.
- People are not ready to use the word 'scientific'. The scientific does not have any significance. Management is a social science and not an exact science.

2. **“Arthashastra pearls of wisdom”. Elaborate.** (3)

Ans. Throughout Arthashastra, Kautilya makes some really thought-provoking observations, which can be useful for today's management. I list them below as Pearls of wisdom from Arthashastra:

- **Knowledge:** Small difference in ability can lead to enormous differences in results. Main aim throughout one's career is to identify, acquire and develop these differences, which yield superior results. Knowledge is important. Knowledge is cumulative. Once it exists, it grows. Every new piece of knowledge reveals connections with other areas of knowledge. Each breakthrough in knowledge creates new opportunities that expand and multiply. Thinking is creative. You can create your world by the way you think. Situation and people have the meaning you give them. When you change your thinking, you change your life. To take control of your life, you must take control of your mind.

- **Planning:** By failing to plan, you are planning to fail. Every effective performance is based on thorough preparation. You should be firm about your goal, but flexible about the process of reaching the goal.
- **Leadership:** A great leader shows ability to make decision and act boldly in the face of setbacks and adversity. Power goes to the person who uses it most effectively. Leaders are sensitive to and are aware of the needs, feelings and motivation of those they lead. Foundation of leadership consists of honesty, truthfulness and straight dealing. Leaders develop ability to predict and anticipate the future. Self-discipline is the most important personal quality of a leader.
- **Success:** Most important basis of success in any venture is pragmatism. Do not ask where the new idea came from or who thought of it first. Ask only one question: does it work? There are certain basic universal laws. They do not change. Ignorance of these laws is no excuse. Violation of these laws forces one to pay full penalty through underachievement, frustration and failure. Success needs action. Action needs initiative. For sustaining success, initiative to collect feedback is important. Feedback allows you to take corrective action, which sustains success. For every effect, there is a specific cause. Success is not an accident. Success is not based on chance. Success is not a matter of luck. Success is the result of well thought out action.

3. Write short note on Strategy.

(4)

Ans. **Concept of Strategy:** The term strategy has been borrowed from military. Today the competition, a business faces, is similar to a war and every business wants to be one step up over its nearest rivals. Strategy is a common theme of strategic decisions through which an organisation tries to relate itself with the environment which involves major resources commitment to develop certain advantages which help in achieving its vision and mission.

Meaning and Definition of Strategy: According to Chandler “Strategy is the determinant of the basic long-term goals of a firm, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.”

Characteristics of Strategy:

- Strategy is a systematic phenomenon.
- By its nature, it is multidisciplinary.
- By its influence, it is multidimensional.
- By its structure, it is hierarchical.
- By relationship, it is dynamic.
- The purpose of strategy is to create competence (things firm does better than competitors), synergy (between different parts of the organisation and their activities) and value creation so as to attain vision and mission.
- Strategy requires searching for new sources of advantage.
- Strategy is almost always the result of some type of collective decision-making process.

Types of Strategies: The following strategies may be adopted by an organization to accomplish its objectives:

- **Stability-** The Stability Strategy is adopted when the organization attempts to maintain its current position and focuses only on the incremental improvement by merely changing one or more of its business operations in the perspective of customer groups, customer functions and technology alternatives, either individually or collectively.
- **Product Development Strategy-** Developing new products or modifying existing products so they appear new, and offering those products to current or new markets is the definition of product development strategy. It requires keen attention to competitors and customer needs now and in the future, the ability to finance prototypes and manufacturing processes, and a creative marketing and communications plan. There are several subsets of product development strategy. This strategy is employed when a company's existing market is saturated, and revenues and profits are stagnant or falling. There is little or no opportunity for growth. A product development diversification strategy takes a company outside its existing business and a new product is developed for a new market.
- **Market Development Strategy-** A market development strategy entails expanding the potential market through new users or new uses. New users can be defined as: new geographic segments, new demographic segments, new institutional segments or new psychographic segments. Another way is to expand sales through new uses for the product.
- **Vertical integration Strategy-** Vertical integration is a competitive strategy by which a company takes complete control over one or more stages in the production or distribution of a product. A company opts for vertical integration to ensure full control over the supply of the raw materials to manufacture its products. It may also employ vertical integration to take over the reins of distribution of its products. vertical integration integrates a company with the units supplying raw materials to it (backward integration), or with the distribution channels that carry its products to the end-consumers (forward integration).
- **Merger and Acquisition Strategy-** Merger and acquisition are the corporate strategies that deal with buying, selling or combining different companies with a goal to achieve rapid growth. Merger and acquisition strategies are the roadmap for the corporate development efforts of an organization. The strategies on merger and acquisition are devised to transform the strategic business plan of the organization to a list of target acquisition prospects. The merger and acquisition strategies offer a framework, which evaluates acquisition candidates and helps the organization to identify the suitable ones.
- **Divestment Strategy-** It is another form of retrenchment that includes the downsizing of the scope of the business. The firm is said to have followed the divestment strategy, when it sells or liquidates a portion of a business or one or more of its strategic business units or a major division, with the objective to revive its financial position.

Levels of Strategies:

- **Corporate strategy-** It is fundamentally and simply concerned with deciding what type of business the organization should be in and how the overall group of activities should be formed and managed .Corporate strategy deals with issues of strategic management at

the level of the firm as a whole. Such issues involve the basic character, capability and competence of the firm; the direction in which it should develop its activity; the nature of its internal architecture; governors and structure; the nature of its relationships with its sector, its competitors and the wider environment.

- **Business Strategy-** It refers to the actions and approaches crafted by management to create successful performance in one particular line of business. It is also concerned with creating competitive advantage in each of the strategic business units of the organization.
- **Functional or Departmental Strategy-** It concerns the managerial game plan for running a major functional activity or process within a business such as research and development unit, marketing unit, financial unit, production unit, H R development unit and so on. A business requires as many functional strategies as it has strategically critical activities

4. Explain Centralization. Distinguish between centralization and decentralization? (3)

Ans. Centralization and Decentralization are the two types of structures that can be found in the organization, government, management and even in purchasing. Centralization of authority means the power of planning and decision making are exclusively in the hands of top management. It alludes to the concentration of all the powers at the apex level.

On the other hand, **Decentralization** refers to the dissemination of powers by the top management to the middle or low-level management. It is the delegation of authority, at all the levels of management.

Difference between Centralisation and Decentralisation-

S.No.	Basis of Comparison	Centralisation	Decentralisation
1.	Meaning	The retention of powers and authority with respect to planning and decisions, with the top management, is known as Centralization.	The dissemination of authority, responsibility and accountability to the various management levels, is known as Decentralization.
2.	Involves	Systematic and consistent reservation of authority.	Systematic dispersal of authority.
3.	Communication Flow	Vertical	Open and Free
4.	Decision Making	Slow	Comparatively faster
5.	Advantage	Proper coordination and Leadership	Sharing of burden and responsibility
6.	Power of decision making	Lies with the top management.	Multiple persons have the power of decision making.
7.	Reasons	Inadequate control over the organization	Considerable control over the organization
8.	Best suited for	Small sized organization	Large sized organization

5. **Explain the various methods of Performance Appraisal.** (5)

Ans. Numerous methods have been devised to measure the quantity and quality of performance appraisals. Each of the methods is effective for some purposes for some organizations only. None should be dismissed or accepted as appropriate except as they relate to the particular needs of the organization or an employee.

Broadly all methods of appraisals can be divided into two different categories.

- Traditional Methods
- Modern Methods

○ **Traditional Methods-**

- **Rating Scales:** Rating scales consists of several numerical scales representing job related performance criterions such as dependability, initiative, output, attendance, attitude etc. Each scales ranges from excellent to poor. The total numerical scores are computed and final conclusions are derived.

Advantages – Adaptability, easy to use, low cost, every type of job can be evaluated, large number of employees covered, no formal training required.

Disadvantages – Rater's biases.

- **Checklist:** Under this method, checklist of statements of traits of employee in the form of Yes or No based questions is prepared. Here the rater only does the reporting or checking and HR department does the actual evaluation.

Advantages – economy, ease of administration, limited training required, standardization.

Disadvantages – Raters biases, use of improper weighs by HR, does not allow rater to give relative ratings.

- **Forced Choice Method:** The series of statements arranged in the blocks of two or more are given and the rater indicates which statement is true or false. The rater is forced to make a choice. HR department does actual assessment.

Advantages – Absence of personal biases because of forced choice.

Disadvantages – Statements may be wrongly framed.

- **Forced Distribution Method:** here employees are clustered around a high point on a rating scale. Rater is compelled to distribute the employees on all points on the scale. It is assumed that the performance is conformed to normal distribution.

Advantages – Eliminates

Disadvantages – Assumption of normal distribution, unrealistic, errors of central tendency.

- **Critical Incidents Method:** The approach is focused on certain critical behaviors of employee that makes all the difference in the performance. Supervisors as and when they occur record such incidents.

Advantages – Evaluations are based on actual job behaviors, ratings are supported by descriptions, feedback is easy, reduces recency biases, chances of subordinate improvement are high.

Disadvantages – Negative incidents can be prioritized, forgetting incidents, overly close supervision; feedback may be too much and may appear to be punishment.

- **Behaviorally Anchored Rating Scales:** statements of effective and ineffective behaviors determine the points. They are said to be behaviorally anchored. The rater is supposed to say, which behavior describes the employee performance.

Advantages – helps overcome rating errors.

Disadvantages – Suffers from distortions inherent in most rating techniques.

- **Field Review Method:** This is an appraisal done by someone outside employees' own department usually from corporate or HR department.

Advantages – Useful for managerial level promotions, when comparable information is needed.

Disadvantages – Outsider is generally not familiar with employees work environment, Observation of actual behaviors not possible.

- **Performance Tests & Observations:** This is based on the test of knowledge or skills. The tests may be written or an actual presentation of skills. Tests must be reliable and validated to be useful.

Advantage – Tests may be apt to measure potential more than actual performance.

Disadvantages – Tests may suffer if costs of test development or administration are high.

- **Confidential Records:** Mostly used by government departments, however its application in industry is not ruled out. Here the report is given in the form of Annual Confidentiality Report (ACR) and may record ratings with respect to following items; attendance, self expression, team work, leadership, initiative, technical ability, reasoning ability, originality and resourcefulness etc. The system is highly secretive and confidential. Feedback to the assessee is given only in case of an adverse entry.

Disadvantage is that it is highly subjective and ratings can be manipulated because the evaluations are linked to HR actions like promotions etc.

- **Essay Method:** In this method the rater writes down the employee description in detail within a number of broad categories like, overall impression of performance, promoteability of employee, existing capabilities and qualifications of performing jobs, strengths and weaknesses and training needs of the employee.

Advantage – It is extremely useful in filling information gaps about the employees that often occur in a better-structured checklist.

Disadvantages – It is highly dependent upon the writing skills of rater and most of them are not good writers. They may get confused success depends on the memory power of raters.

- **Cost Accounting Method:** Here performance is evaluated from the monetary returns yields to his or her organization. Cost to keep employee, and benefit the organization derives is ascertained. Hence it is more dependent upon cost and benefit analysis.
- **Comparative Evaluation Method (Ranking & Paired Comparisons):** These are collection of different methods that compare performance with that of other co-workers. The usual techniques used may be ranking methods and paired comparison method.
 - **Ranking Methods:** Superior ranks his worker based on merit, from best to worst. However how best and why best are not elaborated in this method. It is easy to administer and explanation.
 - **Paired Comparison Methods:** In this method each employee is rated with another employee in the form of pairs. The number of comparisons may be calculated with the help of a formula as under.
$$N \times (N-1) / 2$$

○ **Modern Methods:**

- **Management by Objectives-** It means management by objectives and the performance is rated against the achievement of objectives stated by the management. MBO process goes as under.
 - Establish goals and desired outcomes for each subordinate.
 - Setting performance standards.
 - Comparison of actual goals with goals attained by the employee.
 - Establish new goals and new strategies for goals not achieved in previous year.

Advantage – It is more useful for managerial positions.

Disadvantages – Not applicable to all jobs, allocation of merit pay may result in setting short-term goals rather than important and long-term goals etc.

- **Psychological Appraisals-** These appraisals are more directed to assess employees potential for future performance rather than the past one. It is done in the form of in-depth interviews, psychological tests, and discussion with supervisors and review of other evaluations. It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance. This approach is slow and costly and may be useful for bright young members who may have considerable potential. However quality of these appraisals largely depends upon the skills of psychologists who perform the evaluation.
- **Assessment Centers-** This technique was first developed in USA and UK in 1943. An assessment center is a central location where managers may come together to have their participation in job related exercises evaluated by trained observers. It is

more focused on observation of behaviors across a series of select exercises or work samples. Assesseees are requested to participate in in-basket exercises, work groups, computer simulations, role playing and other similar activities which require same attributes for successful performance in actual job. The characteristics assessed in assessment center can be assertiveness, persuasive ability, communicating ability, planning and organizational ability, self confidence, resistance to stress, energy level, decision making, sensitivity to feelings, administrative ability, creativity and mental alertness etc.

Advantages – well-conducted assessment center can achieve better forecasts of future performance and progress than other methods of appraisals. Also reliability, content validity and predictive ability are said to be high in assessment centers. The tests also make sure that the wrong people are not hired or promoted. Finally it clearly defines the criteria for selection and promotion.

Disadvantages – Costs of employees traveling and lodging, psychologists, ratings strongly influenced by assessee's inter-personal skills. Solid performers may feel suffocated in simulated situations. Those who are not selected for this also may get affected.

- **360-Degree Feedback-** It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self. In fact anyone who has useful information on how an employee does a job may be one of the appraisers. This technique is highly useful in terms of broader perspective, greater self-development and multi-source feedback is useful. 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills. However on the negative side, receiving feedback from multiple sources can be intimidating, threatening etc. Multiple raters may be less adept at providing balanced and objective feedback.
- **Behaviourally Anchored Rating Scales (BARS)-** BARS are rating scales whose scale points are determined by statements of effective and ineffective behaviours. They are said to be behaviourally anchored in that the scales represent a range of descriptive statements of behavior varying from the least to the most effective. A rater must indicate which behavior on each scale best describes an employee's performance.

6. Explain the various theories of Leadership. (3)

Ans. **Meaning and Definition of Leadership-** Leadership is the process of influencing the behavior of others to work willingly and enthusiastically for achieving predetermined goals. It is the ability of a leader to induce subordinates to work with confidence and zeal. Leadership changes potential into reality. It is the final act that brings to success or the potential into reality i.e. in an organization and its people.

According to Chester Bernard *“Leadership is the ability of a superior to influence the behavior of a subordinate or group and persuade them to follow a particular course of action.”*

Theories of Leadership: Interest in leadership increased during the early part of the twentieth century. Early leadership theories focused on what qualities distinguished between leaders and followers, while subsequent theories looked at other variables such as situational factors and skill level. While many different leadership theories have emerged, most can be classified as one of eight major types:

- **“Great Man” Theories-** Great Man theories assume that the capacity for leadership is inherent – that great leaders are born, not made. These theories often portray great leaders as heroic, mythic, and destined to rise to leadership when needed. The term “Great Man” was used because, at the time, leadership was thought of primarily as a male quality, especially in terms of military leadership.
- **Trait Theories-** Similar in some ways to “Great Man” theories, trait theory assumes that people inherit certain qualities and traits that make them better suited to leadership. Trait theories often identify particular personality or behavioral characteristics shared by leaders. But if particular traits are key features of leadership, how do we explain people who possess those qualities but are not leaders? This question is one of the difficulties in using trait theories to explain leadership.
- **Contingency Theories-** Contingency theories of leadership focus on particular variables related to the environment that might determine which particular style of leadership is best suited for the situation. According to this theory, no leadership style is best in all situations. Success depends upon a number of variables, including the leadership style, qualities of the followers, and aspects of the situation.
- **Situational Theories-** Situational theories propose that leaders choose the best course of action based upon situational variable. Different styles of leadership may be more appropriate for certain types of decision-making.
- **Behavioral Theories-** Behavioral theories of leadership are based upon the belief that great leaders are made, not born. Rooted in behaviorism, this leadership theory focuses on the actions of leaders, not on mental qualities or internal states. According to this theory, people can learn to become leaders through teaching and observation.
- **Participative Theories-** Participative leadership theories suggest that the ideal leadership style is one that takes the input of others into account. These leaders encourage participation and contributions from group members and help group members feel more relevant and committed to the decision-making process. In participative theories, however, the leader retains the right to allow the input of others.

7. Define Control. Explain the various techniques of Control.

(4)

Ans. Meaning and Definition of Control: Controlling as a function of management refers to the evaluation of actual performance of work against planned or standard performance and taking the corrective action, if necessary.

According to Brech, “Control is checking current performance against predetermined standards contained in the plans, with a view to ensure adequate progress and satisfactory performance, and also recording the experience gained from the working of these plans as guide to possible future needs.

Traditional Techniques- These are the techniques which were commonly used by various companies. Although in present environment these have become outdated but still many companies are using these:

- **Personal Observations-** This is the most traditional and most popular method of control. Under this manager observe the subordinates while they are performing jobs. They generally note down their observations. With the help of these observations they can easily analyze the performance of employees. By comparing the performance chart of current year with the previous year the managers can know the progress of their performance.
- **Statistical Reports-** Various concepts of stats such as graphical presentation, correlation, average, percentage, ratios etc. are very useful in analyzing the performance of employees. By converting performances report into statistical chart or table you can easily point out the progress or deviation of performance.
- **Break Even Analysis-** Break even analysis is a useful technique to study relationship between costs and profit, break even point is a point of no profit no loss. When sales reaches break even point, it refers to sale amount at which company is neither earning profit nor incurring loss. With the help of break even analysis technique manager can estimate profits at levels of cost and revenue. The formula for calculating break even point is:
Breakeven Point = Fixed Cost / (Selling Price per unit - Variable cost per unit).
- **Budgetary Control-** Budget is a statement of expected results and expected cost expressed in numerical terms. Budget helps us to know the future results and to achieve these results how much we will have to spend. There are different types of budgets which can be prepared by an organization such as sales budget, production budget, financial budget, cash budget etc. Points at which budget focuses upon are as follows:
 - Budget focuses upon standards and objectives of the firm.
 - Budget helps subordinates to compare their performance with budgetary standards and can do self appraisal.
 - Through Budgeting managers can allocate resources to departments according to their budgetary allocation.
 - It helps to use the principle of management by exception by giving more attention to departments where actual operations and target deviate from budgetary standards.

Thus, Success of Budgetary techniques depend upon the estimation of standards. As far as possible we should prepare flexible budgets due to dynamic environment.

Modern Techniques: These are the techniques which are generally preferred by the large scale businesses in this modern era as these are common control techniques such as:

- **Return On Investment (ROI)**- This technique is also known as return on capital employees. The essence of this approach is that profit is not taken as an absolute figure but it is considered in relation to capital invested. With this method we can compare the earnings of one company with other even when they have invested different capital because it determines the ratio of earning and not the absolute earning. The rate of return can be calculated by using following formula:

$$\text{ROI} = \frac{\text{Net Income}}{\text{Total Investment}}$$

- **Responsibility Accounting**- This technique of controlling organization is divided into various responsibility centres and head of each centres are generally various sections or departments of an organization and the head of the department is considered as “Responsibility Head” as he is responsible for the overall growth and achievement of his department or centre. Following are the various types of centres:
 - Cost Centre
 - Revenue Centre
 - Profit Centre
 - Investment Centre
- **Management Audit**- This control technique helps to measure the efficiency level of managers. Financial audit has been used by firm from long time but the management audit is a new concept. Management audit is a comprehensive and constructive review of the performance of management team of any organization. It reviews overall plan and policies of managers. It would highlight possible opportunities for the organization. It ensures updating of existing managerial policies and strategies in the light of environment changes.
- **Network Techniques (PERT & CPM)**- *Programme Evaluation and Review Technique* provides managers with the information they need in planning and controlling schedules and cost in development projects. Under *Critical Path Method* the project is analyzed into different operations or activities and their relationships are determined and shown on the network diagrams.
- **Management Information System (MIS)**- This technique provides information and support for effective managerial decision making. Right decision can be taken at the right time only when managers receive accurate and timely information. MIS is a communication tool for managers by which they can take timely actions from the standards.

8. Write short note on Management practices given by Ratan Tata. (3)

Ans. **Ratan Naval Tata** (born 28 December 1937) is an Indian industrialist, investor, philanthropist, and former chairman of Tata Sons. He was the former chairman of Tata Group, a Mumbai-based global business conglomerate from 1991 till 2012 and again from 24 October 2016 for an interim term, and continues to head its charitable trusts. He is the recipient of two of the highest civilian awards of India—Padma Vibhushan (2008) and Padma Bhushan (2000).

Management practices given by Ratan Tata-

- **Professional Management-** Ratan Tata chief of the Tata group though not very creative, Ratan Tata has a thorough professional approach towards leadership. He has a democratic approach towards leadership and management and delegates authority to lowest possible levels.
- **Prompt Reporting-** Every employee of a Tata Company shall promptly report to management, and/or third party ethics helpline, when she/he becomes aware of actual or possible violation of the code or an event of misconduct, act of misdemeanor or act not in company's interest such reporting shall be made available to suppliers and partners, too.
- **Ensuring Integrating Data-** every employee of a Tata Company shall ensure at all times, the integrity of data or information furnished by him/her to the Company. He/she shall be entirely responsible in ensuring that confidentiality of all data is retained and in no circumstance transferred to any outside person in the course of normal operations without express guidelines from or the approval of the management.
- **Cultural Compatibility-** Tata extends a similar philosophy into the way global acquisition are managed and integrated into the Tata group cultural compatibility is one big area in which due diligence is done before starting work on any cross –border deal.
- **Delegation of Authority-** Ratan Tata's leadership behavior is of delegating type. He is involved in decision however the process and responsibility has been transferred to the individual company MDs. Each company within the group has its own specific strategies and expressions and thereby makes its decisions.
- **Team Management-** Ratan tata can be classified in the team management category of the leadership grid. Each company in Tata Group is headed by committed individuals who accomplish goals of respective companies. "there is a common "DNA" and set of values across the group emanating from Tata Conglomerate" – Dr. Satish Pradhan (Group Head of HR, Tata group).
- **Leadership for Change** – Ratan Tata is a transformational leader –
 - **Visionary** – Rs 100000 car (Nano), to make Tata as global conglomerate .
 - **Strategic Thinker-** Taking over JLR, Corus, Tetley.
 - **Communicator** – He could clearly communicate his vision to his group companies.
 - **Change Agent** – Culture change in tata "performance targets to be first or second in its industry, and to meet quantified goals for leadership and innovation or be sold".
- **Concern for Employees** –
 - Tata Motors attrition rate is the lowest in the industry.
 - TCS attrition rate is 12.1% which is lower compared to industry standards of 13%.
 - Instills confidence and inspires integrity.
- **Transformational Leadership and Global Visionary-**
 - In most of Tata companies today, group holding 26% or higher which was very less earlier.
 - Tata Motors ranks among the top five Global truck manufacturers.

- Tata tea is the world's second largest branded tea company.
- Tata chemicals is the world's second largest manufacturers of soda ash.

- **Care for Society-**
 - Ratan Tata Trust
 - TIFR-Encouraging paradigm scientific research work
 - Tata memorial Hospital
 - Tata Group supports diverse social initiatives like TISS, NCPA and IISC.