

**SAMPLE CONTENT**

# **ORGANIZATION OF COMMERCE & MANAGEMENT**

## **STD. XII**



**Target** Publications® Pvt. Ltd.

Precise

# ORGANISATION OF COMMERCE & MANAGEMENT

Std. XII

Maharashtra State Board

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## PREFACE

Target's 'Precise Organisation of Commerce & Management (OCM): Std. XII' is a book curated to help the students study to-the-point for their board exams. The book is replete with practical examples which will instil conceptual understanding within students as they study from the book.

This book covers answers to all textual questions. However, we have also covered extra questions in each lesson with the aim of covering the entire topic and providing more practice. Throughout this book, questions are answered in a detailed, point-wise format which is exactly how the students are expected to write their answers in the exam. Multiple objective type questions have also been covered to help students get sufficient practice in all types of questions.

We have incorporated 'Smart Codes' to facilitate easy answer recall. 'For your understanding' section provides the required conceptual clarity to understand a particular point. 'We're sure that students, parents and teachers alike would love our value proposition, content quality and the presentation of content.

Publisher

**Edition:** Second

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**PAPER PATTERN**

Marks: 80

Time: 3.00 Hrs.

Q. No.	Questions	Marks per Que.	No. of Questions to Attempt	Marks without option	Marks with option
1.	<b>From the following types of sub questions, any 4 will be asked.</b>				
	A. Select the correct option and rewrite the sentence.	1	5	5	5
	B. Match the pairs.	1	5	5	5
	C. Given one word/phrase/term.	1	5	5	5
	D. State true or false.	1	5	5	5
	E. Find the odd one.	1	5	5	5
	F. Complete the sentences.	1	5	5	5
	G. Select the correct option from the bracket.	1	5	5	5
	H. Answer in one sentence.	1	5	5	5
	I. Correct the underlined word and rewrite the following sentences.	1	5	5	5
	J. Arrange in proper order.	1	5	5	5
2.	Explain the following terms/concepts.	2	Any (4) Out of (6)	08	12
3.	Study the following case/situation and express your opinion.	3	Any (2) Out of (3)	06	09
4.	Distinguish between.	4	Any (3) Out of (4)	12	16
5.	Answer in brief.	4	Any (2) Out of (3)	08	12
6.	Justify the following statements.	4	Any (2) Out of (4)	08	16
7.	Attempt the following.	5	Any (2) out of (3)	10	15
8.	Answer the following. (Long Answer)	8	Any (1) out of (2)	08	16
	<b>Total Marks</b>			<b>80</b>	<b>116</b>

**Question Wise Distribution of Marks**

Sr. No.	Questions	Marks	Marks With Option	Percentage
1.	Objective Type	20	20	25%
2.	Short Answer	52	80	65%
3.	Long Answer	08	16	10%
	<b>Total</b>	<b>80</b>	<b>116</b>	<b>100%</b>

## INDEX

Sr. No.	Titles	Total Marks	Marks with option	Page No.
1.	Principles of Management	07	12	1
2.	Functions of Management	12	15	15
3.	Entrepreneurship Development	05	05	32
4.	Business Services	20	27	47
5.	Emerging Modes of Business	07	10	81
6.	Social Responsibilities of Business Organisations	07	10	95
7.	Consumer Protection	07	17	111
8.	Marketing	15	20	127
	Board Question Paper: February 2024 (Solution in pdf format through QR code)			143
	Total	80	116	

- Note:**
1. All textual questions are represented by (T) mark.
  2. At the start of each chapter, we have provided a chapter index to enable the students to get an overview of the chapter. We have also marked the years in which the questions have been previously asked. Please note that this marking is only indicative and not exhaustive.

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SR. NO.	PARTICULARS	BOARD EXAM
1.	Explain nature of principles of management. (T)	Feb' 23, July' 18, Oct' 15, Mar' 15, Mar' 13
2.	What is the significance or importance of the principles of management?	Feb' 20, Mar' 18, 17, 16, 14, Oct' 14
3.	Explain 14 principles of Henry Fayol in detail. (T)	Feb' 20, 19, July' 19, 17, Mar' 16, 14, 13
4.	Explain any five principles of management of Henry Fayol. (T)	July 22, Mar' 22, Oct' 21
5.	Explain in detail any five principles of management given by Henry Fayol. (T)	
6.	Elaborate principles of scientific management. (T)	Mar' 15
7.	What are the techniques of scientific management? Explain in detail. (T)	Oct' 14
8.	Describe any four techniques of scientific management. (T)	Feb' 23
9.	Describe different techniques of scientific management. (T)	
10.	Objective Questions	
11.	Chapter Assessment	

## MANAGEMENT

Management is required in all spheres of life. Therefore, the importance of management is growing rapidly. Various management thinkers have introduced different management theories. There are many principles, theories and techniques of management that help to achieve similar results. However, their use varies from organisation to organisation, situation to situation and person to person.

## MEANING AND DEFINITION

### 1) MANAGEMENT

Management is a process of co-ordination of resources by way of planning, organising, staffing, directing and controlling them so as to attain some desired objectives.

### 2) PRINCIPLES

While achieving individual or organisational goals, it is always important to use different techniques. Some of these techniques are accepted universally and hence, they are called as principles.

Principle is defined as “a fundamental truth or proposition that serves as the foundation for a system of belief or behaviour or for a chain of reasoning”. In simple words, techniques or systems which give one directional result are called as principles.

### 3) PRINCIPLES OF MANAGEMENT

The principles used for management of business organisations are called as principles of management. These principles provide guidelines

to managers while taking business decisions. Management principles are formed to guide and influence the behaviour of employees. They focus on improving the overall efficiency of the organisational resources.



## Q.1. Answer the following

1. Explain nature of principles of management. (Feb' 23, July' 18, Oct' 15, Mar' 15, Mar' 13) **T**

**Ans:** The principles used for management of business organisations are called as principles of management. These principles provide guidelines to managers while taking business decisions. Management principles are formed to guide and influence the behaviour of employees. They focus on improving the overall efficiency of the organisational resources. The nature of principles of management is explained as follows:

## SMART CODE

P

U

B

G

F

C

A

- 1) **P** RINCIPLES ARE FORMED BY **P** RACTICE AND **E** XPERIMENT

The management principles are developed gradually with thorough research work. Systematic observations and experiments are conducted before developing them. The results of such experiments are practiced in organisations and then developed as principles.



## 2) UNIVERSAL APPLICATION

The principles of management are universal in nature. They can be applied to:

- i. All types of organisation, irrespective of their size and nature
- ii. All levels of management  
Their results may vary and application may be modified but these are suitable for all kinds of organisations.

**E.g.:** Management is required in big companies like Reliance and also in a small book store.

## 3) BEHAVIOURAL IN NATURE

Management is a group activity which aims at achieving certain goal through a group of human beings. Management principles are designed to influence behaviour of human beings. These principles control a group of people and direct them to achieve the objectives.

## 4) GENERAL GUIDELINES

Management principles provide general guidelines to wisely handle the organisational situations and solve the problems. They are not rigid. Which management principles are to be applied depends upon the situation, size and nature of organisation.

**E.g.:** When we say fair remuneration, the term 'fair' can vary as per the nature, size and financial condition of the organisation.

## 5) FLEXIBILITY

Management principles are flexible in nature. They can be modified according to the situation. As business situations keep on changing, these principles can be modified and used in the organisation as per its need. In other words, managers can be flexible while implementing these principles.

**E.g.:** With a change in technology, application of management principles changes.

## 6) CAUSE AND EFFECT RELATIONSHIP

Principles of management help to determine the cause or reason for a particular effect. Therefore, they are the base for taking business decisions.

**E.g.:** Payment of good wages and incentives (cause) helps in increasing the output of workers (effect) or making effective advertisement (cause) increases the sale of a product. (effect).

## 7) ALL PRINCIPLES ARE OF EQUAL IMPORTANCE

All principles of management are of equal importance. They have to be practiced simultaneously for complete achievement of predefined goals. If any specific principle is focused more while others are not followed with the same focus, then it affects the working of organisation.

Management principles are the principles of social science. The nature of principles of management is not absolute like pure sciences. With some modifications as per the requirement, organisation needs to apply these principles.

## 2. What is the significance or importance of the principles of management?

(Feb' 20, Mar' 18, 17, 16, 14, Oct' 14)

**Ans:** The principles used for management of business organisations are called as principles of management. Management principles are in the form of pre-determined solutions for the problems which are recurring. These principles are tested and practiced worldwide from many years. Hence, it is important for every manager to know them. The significance of the principles of management can be explained with the help of the following points:

### SMART CODE P U S H E D H

#### 1) PROVIDES USEFUL INSIGHT TO MANAGERS

Principles of management help the managers:

- i. In understanding the organisation
- ii. In better understanding of the situations and problems
- iii. In handling various situations and finding solutions to problems

Management principles are based on the experience of various professional people. These principles guide managers about the manner in which they should act in different situations. This type of timely guidance reduces wastage of resources and helps to achieve the organisational goals in an appropriate manner.

#### 2) UNDERSTANDING SOCIAL RESPONSIBILITY

Management principles are not developed only from the view point of handling the resources effectively but they also guide management in understanding social responsibility of the organisation.

This helps the management to focus on providing quality products at reasonable prices, avoiding artificial monopoly situations in market, ensuring fair competition, fair remuneration, healthy working place, standard tools and machinery etc.

**E.g.:** Business organisation should focus on developing eco-friendly products.

#### 3) SCIENTIFIC DECISIONS

In business organisation, a scientific decision means systematic or balanced decision. Management principles train the managers to take scientific decisions so that they don't have to follow the trial and error method every time. With the use of various management principles,



managers can analyse different situations and find alternative options to get desired results.

4) **HELPFUL IN EFFICIENT UTILISATION OF RESOURCES**

In every organisation, two types of resources are used i.e. physical resources (material, machines, money etc.) and human resources (manpower). The basic function of management is optimum utilisation of these resources and controlling their wastage. The management always uses the principles of management to maintain discipline and healthy working environment. It helps in developing cordial relationship between management and employees which increases the efficiency level of employees and enables effective administration.

**E.g.:** Use of standard tools and machinery helps in increasing quality and productivity. It also increases level of efficiency of human resources.

5) **ENCOURAGES RESEARCH AND DEVELOPMENT (R AND D)**

Management principles are dynamic in nature. Over the years, they have developed to suit the current need. It enables the managers to bring consistent improvement in them. As a result, managers adopt new trends at the work place automatically. These principles also help management to make comparison of a used principle with its expected outcome. If needed, management can modify these principles as per situation. Consequently, they develop scientific approach towards research and development. It contributes to growth and development of organisation.

**E.g.:** R & D department always works on finding new techniques in the field of production, finance, marketing, human resources etc.

6) **DEVELOPS OBJECTIVE APPROACH**

Managers have to take many decisions on a daily basis. If they approach every issue subjectively (i.e. from a personal point of view), they may be biased while taking a decision. However, management principles help managers to develop an objective approach which considers factual evidence while making decisions. As a result, managers can correctly identify business opportunities, find root causes of problems and provide appropriate solutions. This helps to make the managers more efficient and decision making becomes smooth. It builds confidence in the minds of the managers.

7) **HELPS TO CO-ORDINATE AND CONTROL**

It is difficult to create co-ordination and co-operation among different employees working in different departments. It is also a difficult task

for manager to keep control on the performance of all team members. Management principles provide guidelines for better co-ordination and control within the organisation.

**THEORIES OF MANAGEMENT**

Management theories are the set of general rules that guide the managers to manage an organisation. Various management thinkers such as Fredrick Winslow Taylor, Elton Mayo, Henry Fayol, etc. have introduced theories based on different approaches. These theories are applicable in all type of organisations. With appropriate modifications, every manager can use these theories. It means old theories are the basis of modern management theories.

3. **Explain 14 principles of Henry Fayol in detail. (Feb' 20, 19, July' 19, 17, Mar' 16, 14, 13) T**

**Ans:** Henry Fayol (1841-1925) was a French mining engineer who rose to the position of the Chief Managing Director. He became a leading industrialist and a successful manager. He conducted many experiments in management and proposed fourteen principles of management. These principles have been explained in his book "General and Industrial Administration". Due to his contribution to management, he is called the "Father of Modern Management". His principles serve as a guideline for decision-making and management actions.

The following are the principles of management laid down by Fayol:

**SMART CODE**

**D A D**

**I S**

**O U S**

**R E S C U E**

1) **PRINCIPLE OF DIVISION OF WORK**

As per this principle, the work in an organisation should be divided into small sub parts. The work could be divided into different kinds such as technical, financial, commercial, security operations, accounting and managerial. This work should be assigned to employees depending on their interest, skill, qualities and capabilities. This helps in increasing efficiency, leads to specialisation and ultimately increases productivity level.

**E.g.:** In a college, there are different professors for different subjects. Each professor teaches the subject assigned to him/her according to his qualification and interest.

2) **PRINCIPLE OF AUTHORITY AND RESPONSIBILITY**

Authority is the right to take decisions, i.e., the right to give orders and get work done from subordinates. A manager can work properly only





if he is given authority to take decisions. However, authority comes with responsibility. When authority has been given to the manager, he is responsible for that work. If the work is not completed in time or not done properly, the manager is to be held responsible.

**E.g.:** A captain of Indian Cricket Team is given the authority to choose his team and decide the batting order. However, when the team loses a match, he is held responsible for the defeat.

### 3) PRINCIPLE OF DISCIPLINE

According to Fayol, discipline is the most essential thing in the organisation. Employees must obey and respect the rules of the organisation. Discipline helps to achieve the goals set in the organisation. Good discipline is the result of effective leadership. There must be a clear understanding between management and employees regarding the organisation's rules so that the discipline is maintained. Discipline should be observed at all levels of management.

**E.g.:** Management should clearly convey office timings to its employees and the employees need to adhere to these.

### 4) PRINCIPLE OF INITIATIVE

Initiative means taking the first step and volunteering to do the work in an innovative way. Managers should encourage employees to take initiative and come up with new ideas. According to this principle, managers should welcome such ideas and conduct thorough discussion on these ideas. This approach helps to build a healthy organisational culture.

### 5) PRINCIPLE OF SUBORDINATION OF INDIVIDUAL INTEREST TO ORGANISATIONAL INTEREST

According to this principle, the interest of an individual must be given lesser importance as compared to the interest of the organisation. The manager should always consider the interest of the whole organisation rather than the interest of a single employee while taking any decision. Similarly, the employees should also give higher importance to the interest of the organisation than their own self.

**E.g.:** M. S. Dhoni stepped down as the captain of the Indian Cricket Team in 2017 and allowed Virat Kohli to take over as the captain in spite of still being in the team. He gave more importance to the team's interest rather than his individual interest.

### 6) PRINCIPLE OF ORDER

This principle is based on 'A place for everything and everything in its place'. Human resources and materials should be in the right place at the right time for maximum efficiency.

The principle focuses on the proper utilisation of physical and human resources.

**E.g.:** An accounts expert should be in accounts department and not in marketing department.

### 7) PRINCIPLE OF UNITY OF COMMAND

Each employee of an organisation should receive orders from only one superior. This principle helps in managing conflicts and solving disputes among people in the organisation. If an employee receives orders from more than one superior, he will get confused. He will not understand whose orders to follow. This will hamper the work. Each employee should know his immediate superior and should receive orders only from him. For this, the organisational hierarchy should be well defined.

**E.g.:** If an employee is working on two projects with two different superiors, both of them may ask him to finish work on the same day. In that case, employee will either have to work long hours which will affect his efficiency or he may have to finish the task in an improper manner. To avoid this, he should receive order from only one superior.

### 8) PRINCIPLE OF STABILITY OF TENURE

When an employee is recruited, the management should assure him about the stability of his tenure (job security). It helps to create a sense of belongingness among the employees. An employee who is secured about his job will put his maximum efforts. It will also help to minimise employee turnover ratio.

### 9) PRINCIPLE OF REMUNERATION

As per this principle, employees must be paid a fair amount of salary/wages for the services rendered by them. Fair remuneration keeps employees financially satisfied and retains them for a longer period of time with the organisation. It also helps to increase their productivity and efficiency. The remuneration should be fixed by taking into consideration the skill, expertise, knowledge, tenure, cost of living, market trend, profitability of organisation etc.

### 10) PRINCIPLE OF EQUITY

Management should be fair as well as friendly to the subordinates. While allocating any work, delegating the authorities, deciding the monetary terms etc., there should not be any discrimination between the employees. Also, the remuneration should not depend on the department but the level on which subordinates are working. It implies that salary/wages of employees working at the same level should be the same even though they belong to different



departments. This will help to avoid conflicts within the organisation.

**E.g.:** Sr. Executive – Accounts, Sr. Executive – Production, Sr. Executive – Sales should all have equal pay.

#### 11) PRINCIPLE OF **S**CALAR CHAIN

Scalar chain refers to the hierarchy of authority from the top level to the lower level, for the purpose of communication. This helps to ensure the orderly flow of information. Traditionally, organisations used to frame large scalar chain which is time consuming.

**E.g.:** If any financial decision taken by the top management requires a change in the accounting system, then the CFO will first inform the Manager-Accounts and Manager-Accounts will inform the Head-Accounts. The Head-Accounts will then inform the Account Executive and finally the work will get done.

However, in order to avoid this longer chain and to take speedy decisions; cross communication or direct communication is followed by various organisations. It is known as Gang Plank. For direct communication, it is essential to take proper permission of authorities.

#### 12) PRINCIPLE OF **C**ENTRALISATION

Centralisation refers to the concentration of powers and authorities in one or few hands. This situation usually occurs in small organisations. However, if the size of organisation is large, there is a decentralisation of power and authority. According to this principle, there must be a proper balance between centralisation and decentralisation in the organisation. This is to be done according to the size of the organisation, nature of the activity etc.

#### 13) PRINCIPLE OF **U**NITY OF DIRECTION

This principle states that 'there should be one head and one plan' in every organisation. Each group in the organisation should have the same objective and the group should be directed by one manager using single plan.

**Note:** The difference between unity of direction and unity of command is:

- Principle of unity of command: One individual, one superior
- Principle of unity of direction: One group, one objective, one superior.

#### 14) PRINCIPLE OF **E**SPRIT DE CORPS (TEAM WORK)

Esprit de Corps means union is strength. Power of many is always more than power of one. The manager should create a spirit of team work

and understanding among the employees. They should be made to realise that the organisational goals are achieved only due to the combined efforts of all employees. When all employees work as a team, the difficulties can be solved quickly and organisational goals can be achieved easily.

Above 14 principles of Henry Fayol are very useful to manage the organisation efficiently and effectively. These principles are also supportive to the functions of management. These principles are very logical and hence, applicable in modern management era.

#### 4. Explain any five principles of management of Henry Fayol. (July 22, Mar' 22, Oct'21) **T**

**Ans:** Refer Q. 1. – 3. (Any 5 points)

#### 5. Explain in detail any five principles of management given by Henry Fayol. **T**

**Ans:** Refer Q. 1. – 3. (Any 5 points)

#### • INTRODUCTION OF F. W. TAYLOR

Frederick Winslow Taylor (1856-1915), was an American who started his career as a machinist in Midvale Steelworks, Philadelphia. He gradually rose to the position of the Chief Engineer. He introduced his observations and experiments based on scientific data.

Taylor's approach towards management is termed as 'Scientific management'. For this contribution in development of management thoughts, he is known as the "Father of Scientific Management". According to Taylor, problems should be solved by scientific techniques rather than the rule of thumb and a trial and error approach.

#### 6. Elaborate principles of scientific management. (Mar' 15) **T**

**Ans:** According to Taylor, "Scientific management consists of knowing what you (i.e. management) want men to do exactly; and seeing it that they do it in the best and the cheapest manner."

Taylor's principles of scientific management are as follows:

#### 1) SCIENCE, NOT RULE OF THUMB

The 'Rule of Thumb' decisions, based on personal judgments of the manager, adversely affect the efficiency of an organisation. Therefore, Taylor insisted upon scientific method for every small work. It involves selecting the best way of performing a job after scientific analysis of that job and not by trial and error method. Standard required time and standard output should be defined by the manager so that time and human energy is



saved, and expected standard output is achieved. Taylor believes that even a small production activity, like loading iron sheets into box cars, can be scientifically planned.

**2) HARMONY, NOT DISCORD**

According to this principle, there should be harmony between the employees and management. This will help in minimising conflicts between them. There should be perfect understanding between employees and management. It will help to create healthy work environment for achieving the desired goal. Organisation should think about maximum prosperity of employees too.

**3) MENTAL REVOLUTION**

Taylor introduced the concept of "Mental Revolution". It focuses on change in the attitude of employees and management towards each other. Both should realise their equal importance in an organisation and give full co-operation for achieving organisational goals. This will increase productivity and profits.

**4) CO-OPERATION, NOT INDIVIDUALISM**

This principle emphasises on mutual co-operation between employees and management. Co-operation, trust, team spirit etc. can turn internal competition into healthy work environment. Management should always consider the suggestions given by employees in decision making process. Employees should be treated as an integral part of organisation in all

respects. At the same time, employees should resist themselves from going on strikes and making unnecessary demands from management. The employees and management should treat each other as two pillars of organisation.

**5) DIVISION OF RESPONSIBILITY**

Proper division of work should always be accompanied with division of responsibilities between the managers and employees. Major planning is done by the top and middle level management authorities whereas employees are concentrating on its execution. The reporting is done as per the instructions given by superiors. Managers should always help, encourage and guide the employees. It helps for best performances of managers as well as employees.

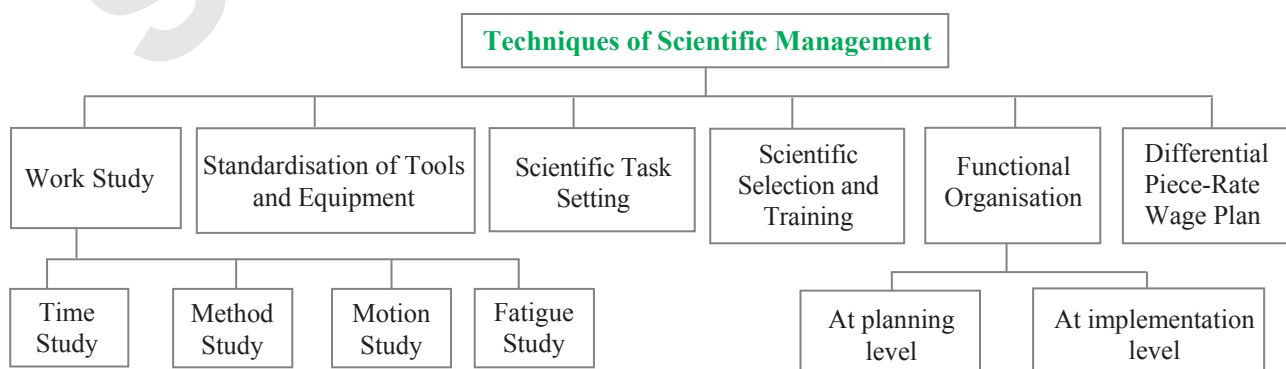
**6) DEVELOPMENT OF EMPLOYER AND EMPLOYEES FOR GREATER EFFICIENCY AND MAXIMUM PROSPERITY**

The best performance of any organisation depends on the skills and capabilities of its employees to a great extent. Thus, conducting training and development programmes for the employees as per requirement is very essential. It ultimately impacts the profitability of the organisation. Each employee should be given proper opportunity to attain greater efficiency and maximum prosperity.

**7. What are the techniques of scientific management? Explain in detail. (Oct' 14) T**

**Ans:** According to Taylor, "Scientific management consists of knowing what you (i.e. management) want men to do exactly; and seeing it that they do it in the best and the cheapest manner."

Some of the major techniques of scientific management are as follows:





1) **WORK STUDY**

Management should do proper work study before assigning the work to the available workforce. Work study consists of an organised, systematic and critical assessment of the various activities or functions. Work study is based on the techniques such as time study, motion study, method study and fatigue study.

i. **Time study**

It is a technique whereby the management observes and records the time taken by an employee to complete a given task. With the help of time study, the precise time required for each element of work is determined. This technique helps to fix a standard time required to do a particular task under given condition. It is useful to measure the efficiency of an employee and to control the cost of work.

**E.g.:** A worker completing the job before the standard time can be given an extra incentive.

ii. **Method study**

There are always various methods of completing the task. However, for best quality and cost effectiveness, the best method of doing a particular job needs to be identified. It helps in reducing wastage of time and raw material as well as in improving the utility of all resources. It also aids in determining the effective methods for handling raw materials, transportation, inspection, storage etc.

iii. **Motion study**

The study of required motion (i.e., movement of an employee as well as of machine) while completing a particular task is very important. The management must engage in such motion study to find the best method of doing a particular job. If there are some motions which are unnecessary, they can be eliminated. It also helps in improving the efficiency of the employees. Motion technique helps to know if some elements of a job can be eliminated or their sequence can be changed for a smooth flow of task.

iv. **Fatigue study**

Generally, long working hours without sufficient breaks, target pressure, heavy working tools, and poor working conditions result into physical and mental stress i.e. fatigue. It has an adverse effect on the health and efficiency of the employees. The management must study the factors causing fatigue and take steps to reduce the fatigue in order to maintain operational efficiency.

2) **STANDARDISATION OF TOOLS AND EQUIPMENT**

Taylor conducted some experiments at his workplace and the results of these experiments

inspired him to advocate this technique. It involves standardisation of working environment and methods of production. The employees should be provided with favourable working conditions and good tools and equipment. It helps in reducing spoilage and wastage of material, cost of production, and workers' fatigue. It also improves quality of work.

3) **SCIENTIFIC TASK SETTING**

Taylor emphasised the need for fixing a fair day's work. This technique is important to prevent the employees from doing work much below their capacity. This technique will enable the employees to complete the task according to given standards. Also, management can keep proper control on optimum utilisation of workforce.

4) **SCIENTIFIC SELECTION AND TRAINING**

This technique helps the management to select right persons for the right jobs. It needs to fix job specifications as per requirement. Employees are selected according to pre-determined standards in an impartial way. After selection, management should provide proper training programmes to increase their efficiency.

5) **FUNCTIONAL ORGANISATION**

In this concept of Taylor, planning is separated from implementation. This means that planning is done by different people and actual work is supervised by different people. Thus, every worker is supervised by two different sets of supervisors. He recommended total eight foremen to control the various aspects of production. They are categorised as follows:

i. **At Planning Level**

- a. **Route Clerk:** Tells how work moves from one machine to other.
- b. **Instruction Clerk:** Records instructions to complete the work.
- c. **Time and Cost Clerk:** Determines the time required for work and workouts the cost.
- d. **Discipline:** Ensures that the workers are working as per factory rules.

ii. **At Implementation Level**

- a. **Gang Boss:** Actually gets the work done.
- b. **Speed Boss:** Ensures that the work is completed in specified time.
- c. **Repair Boss:** Handles security and maintenance of machine
- d. **Inspector:** Ensures that the work is done as per the specified standards.

**Note:** Foreman refers to a worker who supervises and directs other workers.



According to Taylor, with the help of proper division of all activities into planning and implementation, management can achieve the required performance from employees.

### 6) DIFFERENTIAL PIECE-RATE WAGE PLAN

Taylor suggested the differential piece-rate wage plan. Under this system, higher rates are offered to employees who complete more work than the standard quantity. On the other hand, employees performing below the standard get lower rate of wages. This technique motivates the employees to attain higher standard performance and earn higher wages.

#### FOR YOUR UNDERSTANDING

Differential piece-rate wage plan has a drawback. In order to produce more and thereby earn more, workers may not pay attention to the quality of the product. Thus, strict measures must be taken to maintain quality along with increasing quantity.

### 8. Describe any four techniques of scientific management. (Feb' 23) T

Ans: Refer Q. 1. – 7. (Any 4 points)

### 9. Describe different techniques of scientific management. T

Ans: Refer Q. 1. – 7.



#### Objective Questions:

#### (A) Select the correct answer from the options given below and rewrite the statements:

- Principles of management are a base for taking \_\_\_\_\_.  
a. orders                      b. remuneration  
c. decisions
- Management principles influence \_\_\_\_\_.  
(Mar' 18)  
a. human behaviour  
b. organisation  
c. government
- Management \_\_\_\_\_ are set of general rules that guide the managers to manage an organisation.  
a. principles                      b. quotes  
c. theories
- Henry Fayol is called as the father of \_\_\_\_\_ management.  
(Feb' 20, July 18)  
a. modern                      b. scientific  
c. technical

- Principle of \_\_\_\_\_ is based on 'A place for everything and everything in its place'. (T)  
(July 22)

- a. discipline                      b. order  
c. equity

- According to principle of \_\_\_\_\_, all employees should be given the same treatment.  
(Feb' 19)

- a. discipline                      b. authority  
c. equity

- Member of organisation should receive orders from \_\_\_\_\_. (T)  
(Mar' 22)

- a. many superior  
b. one superior  
c. all superiors

- Scalar chain means the hierarchy of \_\_\_\_\_ from the top level to the lower level for the purpose of communication. (T)  
(Feb' 23)

- a. discipline                      b. unity  
c. authority

- Esprit de corps means \_\_\_\_\_ is strength.

- a. individual                      b. authority  
c. unity

- \_\_\_\_\_ was regarded as Father of Scientific Management. (T)  
(Oct' 21)

- a. Henry Fayol  
b. F. W. Taylor  
c. Philip Kotler

- Taylor recommended total \_\_\_\_\_ foremen to control the various aspects of production. (T)

- a. eight                      b. three  
c. two

#### Ans:

- decisions                      2. human behaviour
- theories                      4. modern
- order                      6. equity
- one superior                      8. authority
- unity                      10. F. W. Taylor
- eight

#### (B) Match the pairs:

- (T)

Group 'A'		Group 'B'	
i.	Henry Fayol <span style="float: right;">(Feb' 23)</span>	a.	Eight Foremen
ii.	Principle of Unity of Direction	b.	F.W. Taylor
iii.	Principles of Management	c.	Proper division of all activities



iv.	Scientific Management Theory (July 23, Mar' 22)	d.	General guidelines
iv.	Functional Organisation	e.	A place for everything and everything in its place
		f.	One head – one plan
		g.	Low wage rate
		h.	Harmony between the employees and management
		i.	German engineer
		j.	Modern Management

2.

Group 'A'		Group 'B'	
i.	Principle of unity of command (Feb' 20)	a.	Last function of management
ii.	Controlling (July 22, Feb' 20)	b.	Creates sense of belonging
iii.	Cross or direct communication	c.	One man one boss
iv.	Principle of Stability of Tenure	d.	First function of management
		e.	Gang plank

- Ans:** 1. (i – j), (ii – f), (iii – d), (iv – b), (v – a)  
2. (i – c), (ii – a), (iii – e), (iv – b)

**(C) Write a word or a term or a phrase which can substitute each of the following statements:**

- Father of modern management. (Mar' 18)
- The principle of management that says work should be divided into parts. (Mar' 17, 16)
- Principle of management which says unity is strength. (Oct' 14)
- Father of scientific management. (Mar' 14)
- The scientific principle which focuses on change in the attitude of employees and management towards each other.
- The principle which deals with 'to do work in an innovative way'. (T)
- The principle which is based on 'a place for everything and everything in its place'. (T)
- The study of movement of an employee as well as machine while completing particular task. (T)

- The technique of observing and recording the time required by an employee to complete a given task. (T)
- Study consists of an organised, systematic and critical assessment of various activities. (T)

**Ans:**

- Henry Fayol
- Principle of Division of Work
- Principle of Esprit De Corps
- F. W. Taylor
- Mental Revolution
- Principle of Initiative
- Principle of Order
- Motion Study
- Time Study
- Work Study

**(D) State whether the following statements are true or false:**

- The principles of management are universal in nature. (T) (July 23)
- Management principles are applied differently under different situations. (T)
- Only some principles of management are important. (T)
- F. W. Taylor has proposed 14 principles of management. (T) (Feb' 23)
- Each member of organisation should receive orders only from one superior. (T)
- The principle of equity suggests that remuneration should depend on department and not the level on which subordinates are working.
- Rule of thumb decisions are based on the personal judgements of the manager.
- Method study is the technique used for fixing the standard time required to do a particular task.
- Instruction clerk ensures that work is done as per the specified standards.
- Henry Fayol has given different techniques of management. (T)

**Ans:**

- |          |           |
|----------|-----------|
| 1. True  | 2. True   |
| 3. False | 4. False  |
| 5. True  | 6. False  |
| 7. True  | 8. False  |
| 9. False | 10. False |

**(E) Find the odd one:**

- Principle of Authority and Responsibility, Motion Study, Principle of Division of Work, Principle of Discipline. (T)
- Principle of Discipline, Principle of Equity, Division of Responsibility, Principle of Esprit de Corps
- Fatigue Study, Principle of Unity of Command, Work Study, Motion Study. (T)
- Speed Boss, Gang Boss, Route Clerk, Inspector

**Ans:**

1. Motion Study
2. Division of Responsibility
3. Principle of Unity of Command
4. Route Clerk

**(F) Complete the sentences:**

1. Authority always comes with \_\_\_\_\_.
2. Principle of Unity of \_\_\_\_\_ states that there should be one head and one plan in every organisation.
3. \_\_\_\_\_ refers to concentration of powers and authorities.
4. Before assigning the work to the available workforce, proper \_\_\_\_\_ should be done by management.
5. The study of \_\_\_\_\_ and the steps to reduce it is very important to maintain the operational efficiency of employees.

**Ans:**

1. Responsibility
2. Direction
3. Centralisation
4. work study
5. fatigue

**(G) Select the correct option from the bracket:**

1. (Scalar Chain, Union is strength, F. W. Taylor, Repair Boss, Henry Fayol)

Sr. No.	Group 'A'	Group 'B'
1.	Father of Scientific Management	_____
2.	_____	Handles security and maintenance of machine
3.	Esprit de Corps	_____
4.	_____	Hierarchy of authority for communication
5.	General & Industrial Administration	_____

**Ans:**

Sr. No.	Group 'A'	Group 'B'
1.	Father of Scientific Management (Mar' 22)	<b>F. W. Taylor</b>
2.	<b>Repair Boss</b>	Handles security and maintenance of machine
3.	Esprit de Corps	<b>Union is strength</b>
4.	<b>Scalar Chain</b>	Hierarchy of authority for communication
5.	General & Industrial Administration	<b>Henry Fayol</b>

**(H) Answer in one sentence:****1. What is the meaning of principle? (T)**

**Ans:** Principle means a fundamental truth or proposition that serves as the foundation for a system of belief or behaviour or for a chain of reasoning.

**2. List any two Henry Fayol's principles of management.**

**Ans:** The following are two principles of management given by Henry Fayol:

- i. Principle of Division of Work
- ii. Principle of Unity of Command

**3. What is principle of unity of command? (T)**

**Ans:** Principle of unity of command is a principle of management which states that each employee in the organisation should receive orders only from one superior.

**4. What is subordination of individual interest to organisational interest? (T)**

**Ans:** Subordination of individual interest to organisational interest is a principle of management which means that interest of the individual should be given lesser importance as compared to the organisational interest while taking any decision.

**5. According to Taylor's principle of co-operation, how can employees co-operate with the management?**

**Ans:** Employees can co-operate by resisting themselves from going on strike and making unnecessary demands from the management.

**6. What is the benefit of scientific task setting?**

**Ans:** By using the technique of scientific task setting, employees will complete the task according to the standard given and management can keep proper control on optimum utilisation of workforce.

**7. What is standardisation of tools and equipment? (T)**

**Ans:** Standardisation of tools and equipment is a technique of management which involves providing good working conditions, tools & equipment in order to reduce spoilage, wastage, cost of production and workers' fatigue.

**8. What is differential wage rate? (T)**

**Ans:** Differential wage rate is a technique of management which involves paying higher rate of wages to employees who complete more work than standard quantity and paying lower rate of wages to those who perform below the standard.



**(I) Correct the underlined word and rewrite the following sentences:**

1. Management principles are to be practised one-by-one to get best results in the form of achievement of pre-defined goals.

**Ans:** Management principles are to be practised simultaneously to get best results in the form of achievement of pre-defined goals.

2. Management techniques are applied differently under different conditions. (T)

**Ans:** Management principles are applied differently under different conditions.

3. Security in job always affects adversely on the efficiency of employees. (T) (July 23)

**Ans:** Insecurity in job always affects adversely on the efficiency of employees.

4. Esprit de corps means 'division is strength'. (T)

**Ans:** Esprit de corps means 'unity' is strength.

5. Each member of organisation should receive orders from only one subordinate. (T)

**Ans:** Each member of organisation should receive orders from only one superior.

6. Decentralisation means concentration of powers and authorities at a specific position. (T) (Mar' 22)

**Ans:** Centralisation means concentration of powers and authorities at a specific position.

7. Gang plank refers to the hierarchy of authority in an organisation for the purpose of communication.

**Ans:** Scalar chain refers to the hierarchy of authority in an organisation for the purpose of communication.

8. Speed Boss determines the time in which work should be completed and workout the cost.

**Ans:** Time and Cost Clerk determines the time in which work should be completed and workout the cost.



**Explain the following terms/concepts:**

1. Principle of Discipline

**Ans:** According to Fayol, discipline is the most essential thing in the organisation. Employees must respect and obey the rules of the organisation. Discipline helps to achieve the goals set in the organisation. There should be proper understanding between management and employees regarding the rules so that the discipline is maintained.

2. Principle of Esprit De Corps (July 22)

**Ans:** Esprit de Corps means union is strength. Power of many is always more than power of one. The manager should create a spirit of team work among the employees. They should be made to realise that the organisation goals are achieved only due to the combined efforts of all the employees. Manager should build a sense of togetherness among the employees. The goals can be achieved smoothly and easily, if the workers work with unity.

3. Mental Revolution (Oct' 21)

**Ans:** Taylor introduced the concept of "Mental Revolution". It focuses on change in the attitude of employees and management towards each other. Both should realise their equal importance in an organisation and give full co-operation for achieving organisational goals. This will increase productivity and profits.

4. Motion Study (T)

**Ans:** Motion study is a part of work study which is a technique of scientific management. According to this technique, the management must study the body movement of an employee or the machines, while completing a particular task. If there are some movements which are unnecessary, they can be eliminated. It helps in improving the efficiency of the employees.

5. Fatigue Study (T) (July 23)

**Ans:** Fatigue study is a part of work study which is a technique of scientific management. Generally, long working hours without sufficient breaks, target pressure, heavy working tools, and poor working conditions result into physical and mental stress i.e. fatigue. It has an adverse effect on the health and efficiency of the employees. The management must study the factors that are causing fatigue and take steps to reduce the fatigue in order to maintain operational effectiveness.

6. Time Study (T)

**Ans:** Time study is a part of work study which is a technique of scientific management. The management should observe and record the time taken by an employee to complete a given task. With the help of time study, the precise time required for each element of work is determined. This will help to fix a standard time required to do a particular task under given condition. It is useful to measure the efficiency of an employee and to control the cost of work.

7. Differential Piece Rate System (T)

**Ans:** Differential piece rate system is a technique of management. Under this system, higher rates are offered to employees who complete more work





than the standard quantity. On the other hand, employees performing below the standard get lower rate of wages. This technique motivates the employees to attain higher standard performance and earn higher wages.



### Justify the following statements:

#### 1. Principles of management are flexible in nature. (T) (July 22, Mar' 22, Oct' 21, Feb' 19, Oct' 15)

- Ans:**
- i. The principles of management can be changed or modified according to the situation & need of the organisation.
  - ii. Managers can be flexible while implementing principles to suit the requirement.
  - iii. They act as guidelines to managers and are not in the form of a law which is to be followed as it is.
  - iv. Thus, principles of management are flexible in nature.

#### 2. Principles of management improve the efficiency of employees. (July 17, Mar' 17)

- Ans:**
- i. Principles of management help the manager:
    - a. In understanding the organisation better
    - b. In understanding the situations and problems
    - c. In finding solutions to various situations and problems
  - ii. Managers use the principles of management to maintain discipline and healthy working environment.
  - iii. It helps in developing cordial relationship between management and employees which increases the efficiency level of employees and also affects effective administration.
  - iv. Thus, principles of management improve the efficiency of employees.

#### 3. Management principles are helpful in optimum utilisation of resources. (T)

- Ans:**
- i. In every organisation two types of resources are used i.e. physical resources (material, machines, money etc.) and human resources (manpower).
  - ii. The basic function of the management is optimum utilisation of these resources and controlling wastage.
  - iii. Managers use the principles of management to maintain discipline and healthy working environment.

- iv. It helps in developing cordial relationship between management and employees which increases the efficiency level of employees and also affects the effective administration.
- v. Thus, management principles are helpful in optimum utilisation of resources.

#### 4. It is important to give stability of tenure to employees.

- Ans:**
- i. Stability of tenure or job security plays a very important role in creating a sense of belongingness among the employees.
  - ii. Insecurity in a job always affects the efficiency of employees adversely.
  - iii. On the other hand, job security minimises employee turnover ratio.
  - iv. Thus, it is important to give stability of tenure to employees.

#### 5. Principle of equity is important. (T)

- Ans:**
- i. Principle of equity is one of the fourteen principles of management suggested by Henry Fayol.
  - ii. According to this principle, management should be fair as well as friendly to the subordinates.
  - iii. While allocating any work, delegating the authorities, deciding the monetary terms etc., there should not be any discrimination between the employees.
  - iv. Further, the salary/wages of employees working at the same level should be the same even though they belong to different departments.
  - v. This equity will help in avoiding conflicts in the organisation.
  - vi. Thus, the principle of equity is important.

#### 6. It is essential to provide training and development programmes to employees whenever required.

- Ans:**
- i. The best performance of an organisation depends on the skills and capabilities of its employees, to a great extent.
  - ii. Training and development programmes improve the skills and capabilities of the employees.
  - iii. They also develop a sense of gratitude towards the organisation.
  - iv. It ultimately affects the profitability of an organisation.
  - v. Thus, it is essential to provide training and development programmes to employees whenever required.



**7. Taylor emphasised on standardisation of tools and equipment. (T) (July 23)**

- Ans:** i. Standardisation of goods and services is a technique of scientific management suggested by F. W. Taylor.
- ii. This technique involves standardisation of working environment and methods of production.
- iii. According to Taylor, employees should be provided with good working conditions and good tools & equipment.
- iv. It helps to reduce spoilage and wastage of material, cost of production, and workers' fatigue. Overall, it improves quality of work.
- v. Thus, Taylor emphasised on standardisation of tools & equipment.

**8. Differential piece wage rate plan is necessary. (T)**

- Ans:** i. Differential piece wage rate plan is a technique of scientific management suggested by F. W. Taylor.
- ii. Under this system, higher rates are offered to employees who complete more work than the standard quantity.
- iii. On the other hand, employees performing below the standard get lower rate of wages.
- iv. This technique motivates the employees to attain higher standard performance and earn higher wages.
- v. Thus, differential piece wage plan is necessary.



**Study the following case/situation and express your opinion**

- 1. Mr. Harshad is an entrepreneur and engaged in production of eco-friendly utensils. Both male and female workers are working in his factory. All male employees are directly working on machines whereas female employees are working in Packaging Department. Mr. Sharath is working as Finance Manager while Mrs. Naina is working as HR Manager who is responsible for recruiting employees in the factory. On this basis:**

- i. Identify any one principle of management in above case.
- ii. What is the designation of Mrs. Naina in this organisation?
- iii. Who is responsible for overall planning of the organisation?

(T)

- Ans:** i. In the above case, we can observe the 'principle of division of work' since work is divided into different kinds such as production, accounting, HR etc.
- ii. Mrs. Naina is the HR Manager in the organisation.
- iii. As per the Principle of Unity of Direction, there should be one head and one plan in every organisation. Mr. Harshad is the entrepreneur / head of the organisation and hence, he is responsible for the overall planning of the organisation.

- 2. Mr. Harshad is an entrepreneur and engaged in production of eco-friendly utensils. Both male and female workers are working in his factory. All male employees are directly working on machines whereas female employees are working in packaging department. Mr. Sharath is working as finance manager while Mrs. Naina is working as HR manager who is responsible for recruiting employees in the factory. On this basis:**

- i. Which principle of management is involved in above case?
- ii. What is the designation of Mrs. Naina in this organisation?
- iii. Who is responsible for overall planning of the organisation? (July 23)

**Ans:** Refer Q.1 for explanation

- 3. In 'Fine Diamonds Ltd.' 200 employees are working in three shifts. In first shift 60 employees, in second shift 60 employees and in third shift 80 employees are working without sufficient breaks except lunch break and shift change break. No employee is able to complete the work in designated time due to inappropriate time management which results into delay for next shift employees.**

- i. Identify which scientific principle needs to be followed by the company.
- ii. Suggest any one scientific technique which can be used for smooth flow of work in 'Fine Diamonds Ltd.'
- iii. Why the work is not being completed in time?

(T)

- Ans:** i. 'Science, Not Rule of Thumb' is the scientific principle that needs to be followed by the company. As per this principle, standard required time and standard output will be defined by the manager. It will help in saving time and human energy and will result in expected standard output.



- ii. Techniques which can be used for smooth flow of work in 'Fine Diamonds Ltd' are:
- Work Study – In order to do a systematic, organised and critical assessment of the various activities or functions.
  - Scientific Task Setting – In order to fix a fair day's work. By using this technique, employees will complete the task as per the standard given and management can keep proper control on optimum utilisation of workforce.  
(Student can write any one technique)
- iii. The employees of 'Fine Diamonds Ltd.' are working without sufficient breaks. It would be having an adverse effect on their health and efficiency. Also, the time management is not proper. Thus, work is not being completed in time.
4. **Hardik joined a mid-size CA firm for his articleship. There are 5 partners in the firm and more than 40 articled assistants. Hardik got registered under one partner. However, since it is a very busy period, he is currently working with two partners on two different assignments. Both partners are giving him orders and Hardik is getting confused as to whose task to complete first.**
- Which principle of management is not being followed in the above case?
  - What is the advantage of following this principle of management?
  - What is the ideal solution to Hardik's problem?
- Ans:**
- The Principle of Unity of Command is not being followed in the above case.
  - This principle helps in managing conflicts and solving disputes among people in the organisation. It also helps in avoiding confusion.
- iii. Hardik should ideally know who his immediate superior is and should receive orders only from him. For this purpose, the organisation hierarchy should be well defined.
5. **M/s. Batliboy is a small bottle manufacturing facility owner by Mr. Mehra. They have 10 workers. The company has got a new assignment to make glass bottles. Each worker is making 100 bottles per day. However, Mr. Mehra feels that the workers are working way below their capacity. He needs to find a solution to his problem.**
- Which technique of scientific management should Mr. Mehra follow?
  - What benefit will Mr. Mehra get by following this technique?
  - Is there any other technique of scientific management that can be used by Mr. Mehra?
- Ans:**
- Mr. Mehra should follow the technique of scientific task setting wherein he needs to fix a fair day's work.
  - By using this technique, Mr. Mehra will prevent the employees from doing a work which is below their capacity. The employees will complete the task according to the standards given and Mr. Mehra can also keep proper control on optimum utilisation of workforce.
  - Mr. Mehra can also use the differential piece-rate wage plan by which he can fix a remuneration in such a way that an average worker is motivated to attain a standard output.

Scan the given Q. R. Code in **Quill - The Padhai App** to view the Chapter Assessment with Answers.

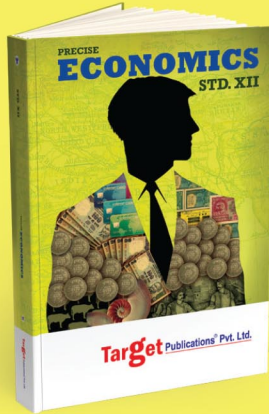




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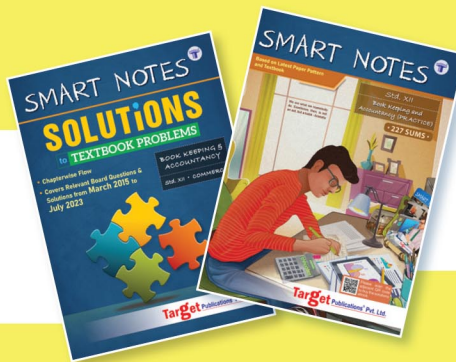


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