

FOUNDATION COURSE EXAMINATION

SUGGESTED ANSWER TO QUESTIONS

DECEMBER 2011

PAPER-1: ORGANIZATION AND MANAGEMENT FUNDAMENTALS

Time Allowed : 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

Section I

Answer Question No 1, which is compulsory and answer any one question from the rest of Section I.

Question

1.(a). Do you agree with the following statements? Write 'Yes' or 'No' giving proper reasoning in support of your answer. No marks will be awarded if only 'Yes' or 'No' is mentioned:

- i. Organization is a process.
- ii. Informal organization is deliberately created.
- iii. The neo-classical organization theory is commonly identified with the human relations movement pioneered by V.A. Graicunas.
- iv. Perception is a process.
- v. The 'Mission' of a business refers to the scope of operation in terms of products and markets or of service and client.
- vi. 'Objective' and 'Goal' are synonymous.

[2×6]

Answer to Qn.1(a):

- (i) Yes: As a process, organization identifies the activities to be performed, groups the activities, delegates or assigns duties and grants or delegates the required authority.
- (ii) No: Informal organization emerges spontaneously on account of socio-psychological forces operating at the work place. Only formal organization is created deliberately and consciously by the Management.

- (iii) No: The neo-classical organization theory is commonly identified with the human relations movement pioneered by ELTON MAYO.
- (iv) Yes: Perception is a process of selection and organization of sensation to provide meaningful entity. In perceptual process, the inputs that are being received by the perceiver are processed through the selection, organization and interpretation.
- (v) No: The 'Mission' of a business refers to the fundamental, unique purpose that sets it apart from other firms of its type.
- (vi) No: Objectives are general statement of the organization, whereas Goals are specific destination where it wants to reach.

1. (b). Match the following:

Column I

- i. Project organization
- ii. Departmentation
- iii. Decentralization
- iv. Attitudes
- v. Functional foremanship
- vi. Informal organization
- vii. Multiple objectives
- viii. Positive reinforcement
- ix. Inference
- x. Perceived conflict
- xi. Culture
- xii. Organizational goals

Column II

- A. Likert Scale
- B. Provides legitimacy to the existence
- C. Advocated by Peter Drucker
- D. F.W. Taylor
- E. Adaptability to local conditions
- F. Enhances social system stability
- G. Unexpressed differences
- H. Provides concentrated attention
 - I. Initiative and autonomy at lower levels
- J. Use of rewards
- K. Judging others on limited information
- L. Build around people and their roles.

[1×12]

Answer to Qn.1 (b):

Column I

- i. Project organization
- ii. Departmentation
- iii. Decentralization
- iv. Attitudes
- v. Functional foremanship
- vi. Informal organization
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- H. Provides concentrated attention
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- G. Unexpressed differences
- F. Enhances social system stability
- B. Provides legitimacy to the existence

2. Explain the following:

- a. Organization as a process;
- b. Span of control;
- c. Mission of an organization.

[2×3]

Answer to Qn. 2 (a):

Organization as a process:

Organization is a process, identifying and grouping of the activities to be performed, assigning duties and responsibilities and delegating authority. This involves- identification of work, division of work, grouping the activities, assigning duties, establishment of organizational relationship and delegation of authority. Accomplishment of institutional objectives is the essence of all these functions.

Answer to Qn. 2 (b):

Span of control:

This implies the number of employees a manager can effectively supervise at a particular time. This determines the levels of authority and the shape of the organization. It also directs attention to the complexity of inter-relationship in an organization. A wide span yields a flat structure whereas a short span results in a tall structure.

Answer to Qn. 2 (c):

Mission of an organization :

It is described as the scope of operations in terms of products and markets and clients. It describes the fundamental purpose for which the organization is being set up. In other words a good Mission statement delineates "What is our Business" and describes the values and priorities of an organization. A good Mission statement establishes the values, beliefs and guidelines for business plans and operations.

3 (a). State the principles of delegation?

3 (b). What is meant by personality?

3(c). Explain the concept of co-optation.

[2x3]

Answer to Qn. 3(a):

Principles of Delegation : The following well-recognized principles govern delegation of authority:

- i. **Authority should be commensurate with responsibility:** There should be an equality between authority and responsibility. As far as possible, authority should be coextensive with responsibility.
- ii. **Principle of unity of command:** A person cannot serve two masters well. A subordinate should receive orders from one superior and a person should not have more than one boss.
- iii. **Principle of delegation by results expected:** Authority should be delegated to such an extent and in such a manner as may be considered necessary for the accomplishment of the results expected.
- iv. **Principle of absoluteness of authority:** The superior cannot escape the responsibility for activities entrusted to him merely by delegating authority to his subordinate. Accountability cannot be delegated.
- v. **Principle of Motivation:** Delegation must motivate the subordinate.

Answer to Qn.3(b):

Personality: Personality is defined as the combination of stable physical and mental characteristics that gives the individual his or her identity.

The following are the determinants of Personality:

- i. Heredity
- ii. Brain
- iii. Physical features
- iv. Family and social factors
- v. Cultural factors and
- vi. Situational factors.

Answer to Qn. 3 (c):

Concept of Co-optation: is a process of absorbing new elements into the policy determining structure of an organization as a means of averting threats to its stability or existence. It is the process by which power or the burdens of power are shared. Organizations, because of their dependency on other organizations, co-opt certain members who represent their interests. Such co-opted members may not take an active part, but do keep a watch on happenings inside the organization. They are in a position to determine the occasion for a goal decision, to participate in analyzing the existing situation, to consider alternative and discuss the consequences thereof. Co-optation thus makes still further inroads on the process of deciding goals.

Section-II

Answer Qn. No. 4 which is compulsory and any three questions from the rest of Section-II.

4. (a). Match the following:

Column-I	Column-II
i. Unfreezing	A. Combination of justice and kindness
ii. Board Meetings	B. Service motive
iii. F.W. Taylor	C. Process of planned change
iv. Training	D. Ability to accept unexpected changes
v. Coding and Decoding	E. Scientific Management
vi. Public Sector Undertaking	F. Directors
vii. Abraham H.Maslow	G. Communication Process
viii. Equity	H. Victor Vroom's Expectancy Theory
ix. Non-financial incentives	I. Increasing the skill of the employee
x. Laissez-faire leadership	J. Hierarchy Theory
xi. Flexibility	K. Complete delegation of authority
xii. Motivation	L. Subsidized Canteen

[1×12]

Answer to Qn.4(a):

Column-I	Column-II
i. Unfreezing	C. Process of planned change
ii. Board Meetings	F. Directors
iii. F.W. Taylor	E. Scientific Management
iv. Training	I. Increasing the skill of the employee
v. Coding and Decoding	G. Communication Process
vi. Public Sector Undertaking	B. Service motive

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|------------------------------|---|
| vii. Abraham H.Maslow | J. Hierarchy Theory |
| viii. Equity | A. Combination of justice and kindness |
| ix. Non-financial incentives | L. Subsidized Canteen |
| x. Laissez-faire leadership | K. Complete delegation of authority |
| xi. Flexibility | D. Ability to accept unexpected changes |
| xii. Motivation | H. Victor Vroom's Expectancy Theory |

4 (b). Do you agree with the following statements? Write 'Yes' or 'No' giving proper reasoning in support of your answer. No marks will be awarded if only 'Yes' or 'No' is mentioned:

- i. The main purpose of Human Resource Management is wage and salary administration.
- ii. Selection and Recruitment are one and the same.
- iii. The Board of Directors functions as a singular executive.
- iv. People resist change because the group to which they belong opposes the change.
- v. Public Limited Companies and Public Sector Companies are synonymous. [1×5]

Answer to Qn.4(b):

- i. No. The main purpose of Human Resource Management is to assess the need for present and future requirement of human resources in the organization and its optimum utilization.
- ii. No. Selection implies a process of finding out the suitable candidate for a particular job. In this process, the interested candidates are screened out and those found qualified for the job are selected. Recruitment, on the other hand, is the process of searching for prospective employees and stimulating and encouraging them to apply for jobs in the organization.
- iii. No. The Board of Directors functions as a group and as plural executive.
- iv. Yes. People may resist change because the group to which they belong opposes the change. Every group has its own norms and puts pressure on its members to resist change, which violates the group norms.
- v. No. A Public Limited Company is one, which has a minimum paid-up capital of five lakh rupees and has a minimum of seven shareholders and whose shares are transferable. On the other hand, a Public Sector Company is one wherein 51% or more shares are held by the Government.

4 (c). Expand the following:

- i. ICSI
- ii. OJT
- iii. GNP
- iv. AS
- v. PERT
- vi. ICAI
- vii. SA

[1×7]

Answer to Qn. 4 (c):

- ii. ICSI: The Institute of Company Secretaries of India
- iii. OJT: Over the Job Training
- iii. GNP: Gross National Product
- iv. AS: Accounting Standard
- v. PERT: Programme Evaluation and Review Technique.
- vi. ICAI: The Institute of Chartered Accountants of India
- vii. SA : Standard on Auditing.

4 (d). Fill in the blanks with appropriate words :

- i. ----- is a case of employees voluntarily leaving the job.
- ii. Facilities provided to the employees like housing accommodation, conveyance for travel etc., are known as ----- benefits.
- iii. The blend of top down and bottom up approach to planning is known as the ----- approach.
- iv. Organizational plans for handling non-repetitive, novel and unique problems are known as ----- plans.
- v. ----- planning is vital for determining personnel needs of the organization.
- vi. ----- is the process of meaningful interaction among human-beings.
- vii. The process of inspiring people to take the desired course of action is called -----.
- viii. ----- is a means of exercising control on the behaviour of people.
- ix. ----- is the method, where managers force people to accept change by explicit or implicit threats.
- x. A ----- director can hold office till the joining of the original director.

[1×10]

Answer to Qn. 4 (d):

- i. Resignation is a case of employees voluntarily leaving the job.
- ii. Facilities provided to the employees like housing accommodation, conveyance for travel etc., are known as Fringe benefits.
- iii. The blend of top down and bottom up approach to planning is known as the composite approach.
- iv. Organizational plans for handling non-repetitive, novel and unique problems are known as Single use plans.
- v. Manpower planning is vital for determining personnel needs of the organization.
- vi. Communication is the process of meaningful interaction among human-beings.
- vii. The process of inspiring people to take the desired course of action is called motivation.
- viii. Power is a means of exercising control on the behaviour of people.
- ix. Coercion is the method, where managers force people to accept change by explicit or implicit threats.
- x. An Alternate director can hold office till the joining of the original director.

4(e). Define the following in one sentence each:

- i. Stick and Carrot approach;
- ii. Management as a noun;
- iii. Thinking before doing;
- iv. Vision.

[1×4]

Answer to Qn.4 (e):

- i. Stick and Carrot approach: It is an approach of motivation, which entails punishment and reward both.
- ii. Management as a noun: Management as a noun means the managerial personnel of an organization.
- iii. Thinking before doing: Planning is thinking before doing.
- iv. Vision: is a long-term. It entails the direction to an organization as to what it aspires to become or where to go.

5(a). Explain the importance of Human Resource Management.

[4]

Answer to Qn.5(a):

Importance of Human Resources Management:

- i. Achievement of organizational goals.

- ii. Effectiveness of operations.
- iii. Job satisfaction.
- iv. Basis of success of any enterprise.
- v. Important task of Management.
- vi. Nervous system of the organization
- vii. Dealing with human beings.
- viii. Professional Growth of employees.

5(b). Discuss the characteristics of group as a means for overcoming resistance to change in an organization. [5]

Answer to Qn.5(b):

The characteristics of group as a means for overcoming resistance to change in an organization are:

- i. Strong sense of belongingness.
- ii. Group Prestige.
- iii. Attitude, Values and behaviour of the group.
- iv. Individual prestige.
- v. A deviation from group norms is resisted.
- vi. Shared perception and information.

6(a). What are the 'five needs' identified by A.H. Maslow? Explain. [5]

Answer to Qn. 6 (a):

The following are the five needs, as identified by A.H. Maslow:

- i. Basic Physiological needs
- ii. Security and Safety needs
- iii. Affiliation and acceptance needs
- iv. Ego or Esteem needs
- v. Self-actualization needs.

6 (b). Discuss the importance of Public Enterprises in India. [4]

Answer to Qn. 6 (b):

The importance of Public Enterprises in India :

- i. Faster economic growth.
- ii. Planned Growth
- iii. Balanced Regional Development
- iv. Creation of Employment
- v. Promotion of self-sufficiency
- vi. Labour welfare
- vii. Control over private sector monopoly
- viii. Increased power for Research & Development.

7. Explain the different steps in the planning function in management. [9]

Answer to Qn. 7:

The following are the basic steps in the planning function in management:

- i. Identification of the problem: Planning means carefully deciding the future course of action after rationally thinking about ways and means, analyzing expected trends and other related factors.
- ii. Establishing objectives: The objectives which an enterprise intends to achieve are to be planned first.
- iii. Developing Premises, which provides the bed-rock upon which the future course of action is projected.
- iv. Developing alternatives and evaluation thereof: Managerial planning draws up a blue-print of activities to be undertaken. It is consciously choosing out of several given alternatives.
- v. Selecting the appropriate alternative.
- vi. Fixing time-frame for execution and completion.

8. Write Short Notes on:

- (a) Powers of the Board;
- (b) Scientific Management;
- (c) Dis-investment.

[3x3]

Answer to Qn. 8 (a) :

Powers of the Board :

- i. Under Section-291, the powers of the company are the General powers of the Board.
- ii. Under Section-292, powers of the Board are to be used only at the Board Meetings and through delegation.
- iii. Powers under Section-293 (1)(a) to (1)(e) are available to the Board through Shareholders' resolution.

Answer to Qn. 8 (b):

Scientific Management : The following are the features of Scientific Management, as stated by F.W.Taylor, who is called as the father of 'Scientific Management':

- i. Separation of planning and doing function.
- ii. Introduction of Functional Foremanship
- iii. Introduction of the concept of Time, Fatigue and Motion Study.
- iv. Differential piece rate system
- v. Scientific training and selection of employees
- vi. Mental Revolution
- vii. Scientific Methods in place of the 'rule of thumb'.

Answer to Qn.8(c):

Dis-investment : The major plank of privatization programme in India has been the dis-investment of government equity in a select number of profit making public enterprises. The main rationale behind this programme is to raise non-inflationary form of finance for the budget. All other objectives are subsidiary to this main objective.

- Actual realization from the dis-investment programme has been considerably below the target most of the time.
- Government has carried out the whole exercise of dis-investment in hasty, unplanned and hesitant way-say critics.
- Dis-investment Commission has been set up for achieving the objectives of the programme

-Strengthen PSU's, where appropriate, in order to facilitate disinvestment.

-protect employees' interest;

-broad-base ownership; and

- augment receipts for the government.