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# **MMPC-1**

## **Management Functions and Organisational Processes**

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# QUESTION PAPER

June – 2024

(Solved)

## MANAGEMENT FUNCTIONS AND ORGANISATIONAL PROCESSES

MMPC-1

Time: 3 Hours ]

[ Maximum Marks: 100

Weightage : 70%

Note: (i) There are **two** sections. A and B. (ii) Attempt any **three** questions from section A. (iii) Section B is compulsory.

### SECTION – A

**Q. 1. Briefly describe and discuss different roles a manager has to perform in an organization and the dynamics involved with reference to the present day context.**

Ans. Ref.: See Chapter-3, Page No. 24, Q. No. 1 and Page No. 22, 'The Changing Role of Managers in the Current Context'.

**Q. 2. Describe and discuss the approaches to organizing and analyzing work and their relevance with examples.**

Ans. Ref.: See Chapter-5, Page No. 45, Q. No. 1.

**Q. 3. What is staffing? Discuss its importance. Describe and discuss various sources of recruitment and their advantages and disadvantages.**

Ans. Ref.: See Chapter-6, Page No. 58, Q. No. 4 and Page No. 51-53, 'Characteristics of Staffing'.

**Q. 4. How does communication play an important role in the organization? Discuss barriers to effective communication and how can they be minimized.**

Ans. Ref.: See Chapter-11, Page No. 112, 'Introduction', 'Importance of Communication' and Page No. 113, Q. No. 1 and Page No. 117, Q. No. 2.

**Q. 5. Write short notes on any three of the following:**

(a) Organizational culture.

Ans. Ref.: See Chapter-12, Page No. 121, 'Concept of Organizational Culture'.

(b) Turnaround management.

Ans. Ref.: See Chapter-13, Page No. 150, Q. No. 4.

(c) Line and staff.

Ans. Ref.: See Chapter-10, Page No. 107, Q. No. 1(b).

(d) Brainstorming.

Ans. Ref.: See Chapter-9, Page No. 93, 'Brainstorming'.

(e) Managerial grid theory.

Ans. Ref.: See Chapter-8, Page No. 76, 'Managerial Grid Theory'.

### SECTION-B

**Q. 6. Read the following case and answer the questions given at the end of the case:**

Modern Bank Limited was established in 1938 by Vasudev Mudaliar as a private bank. The bank grew to become a 100 crore business by 1944 and a 500 crore business by 1960. Vasudev Mudaliar was succeeded in the business by his sons. In 1974, an investor, Sudhakar Gupta, bought 51% equity in the bank and assumed charge as chairman. The bank gradually expanded in the four southern states and grew to be a business worth 3,200 crore by 1985. In 1987, Sudhakar Gupta brought in Arvind Jain, a young MBA graduate, as the MD of the bank. Arvind Jain focused his energies on building the brand of the bank among the traditional segments and simultaneously focused on building brand equity among the middle class. During this period the bank recorded continuous business growth and by 1997, the bank's total business stood at 12,000 crores. Arvind Jain was a fiery young man who essentially believed in turnaround performance. His style of leadership was autocratic and he believed that people around him should be committed to executing his orders rather than wasting time on debates and discussions. He formed a core group of top executives to strategize and monitor the implementation of action plans. Being a traditional bank where hierarchy and authority were respected, it was not long before everyone adjusted to the new style of functioning. Everybody from the branch offices, regional offices, and the head office, religiously followed the orders of the top management. The result was a stupendous success. The bank became a

force to reckon with among the private sector bank in southern India. Arvind Jain emphasized the following aspects :

- Recruiting top-notch professionals re-engineering the corporate brand of the bank emphasizing marketing and business development.
- A top-down approach in the decision-making process.
- Adoption of technology for modernizing business operations. Along with the positive developments were a few negative aspects.
- Centralization of the bank's functioning.
- Formation of a coterie which wielded power in the bank.
- Emphasis on performance at any cost rather than on means.
- Frustration and disillusionment of the employees at large Parallel with these developments, there were other developments too in the bank.

Differences arose between the promoter Sudhakar Gupta and the MD Arvind Jain, which eventually led to the resignation and exit of the latter from the bank. A few of his faithful followers too exited from the bank. The chairman, in consultation with the board, appointed a senior banking professional, Manoj Pillai, from an established public sector bank, as the MD of Modern Bank. On assuming charge, Manoj Pillai reshuffled the top management and set up a new team at the corporate office. It was his belief that systems and procedures should take precedence over individuals in the bank, and that after goals are set, executive should be given freedom to perform. A few hallmarks of his leadership and management approach in the bank were as follows:

- Emphasis on streamlining systems and procedures
- Nurturing employees to strictly adhere to laid-down norms /system.
- Training of existing employees in core areas such as credit, audit etc. recruitment of young professionals, i. e., MBA, M.Com., etc as management trainees and their induction into the bank to bring in fresh blood and enthusiasm.
- Strengthening the training system for undertaking training and induction responsibilities.
- Posting of successful line personnel as faculty in Staff Training Colleges to drive home the importance of training to the employees of the bank.
- Continuing the technology upgradation processes undertaken during earlier review.

However, the employees of the bank, especially the top and middle management, who were used to following the instructions of the central command and carrying out the decisions of centralized decision-making could not adjust to the new leadership approach. The top executives started perceiving the new leader as weak, due to lack of the charisma and strong drive that they had seen in the earlier leader. Further, the emphasis on re-engineering the systems led to stagnation of product innovation and during the three years Manoj Pillai was with the bank, no product could be launched. The bank slowly lost its market share and recorded a negative growth during the period 1997-2000. There was an interesting development in 1999, when the promoter offloaded a minus stake to a multinational bank. The changed business interest of the promoter led to further offloading of stake in favour of the multinational bank. As a result the majority stake in the bank stood transferred to the multinational bank. The new management undertook a series of measures to re-engineer and redefine the brand and image of the bank. Some of the salient features of these measures were:

- Upgrading the technology of the bank.
- Tearing up the bank for various technology initiatives such as core banking solutions, Internet banking, call centre and help desk, etc.
- Recruitment of a new breed of professionals at all levels and in all functional areas to cater to the needs of the bank.
- Strict implementation of the performance planning and measurement approaches.
- Implementation of Cost To Company (CTC) approach for all the middle and top management officials of the bank.
- Voluntary Retirement Scheme (VRS) for employees found to be lacking in the new set of competence.
- Massive exercise of re-branding and re-engineering the product portfolio of the bank.
- Creation of a core team of young professionals to continuously work on re-branding and product re-engineering.
- Improving the learning infrastructure by networking the IT infrastructure with the existing training infrastructure to leverage the advantages.

# Sample Preview of The Chapter

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# MANAGEMENT FUNCTIONS AND ORGANIZATIONAL PROCESSES

## BLOCK-1 : INTRODUCTION TO MANAGEMENT

### Management: An Overview



#### **INTRODUCTION**

One of the most important activities we all do is management. Since human life began to be organized for food or shelter, elements of management have been subtly seen in all these activities. History also confirms the application of management techniques that are still visible today. We believe that the Egyptian pyramids, built centuries ago, are evidence of the excellent organizational strength of dozens of workers at the time, and therefore many administrative functions were used long ago. Similarly, the Indus Valley Civilization has shown the use of more advanced management techniques, given when it was built. In addition, these cases show that management is also an integral part of human survival and organized activities. As society grew, individuals were unable to achieve their individual goals, and group efforts had to be coordinated through administrative functions.

In the current context, competition is a key driver for individuals and organizations. On the one hand, individuals have never had so many opportunities, and on the other hand have never had a challenging work environment.

Management is essential not only for business concerns but also for banks, schools, colleges, hospitals, hotels, religious bodies, charitable trusts, etc. Every business unit has some objectives of its own. These objectives can be achieved with the coordinated efforts of several personnel. The work of a number of persons are properly co-ordinated to achieve the objectives through the process of management is not a matter of pressing a button, pulling a lever, issuing orders, scanning profit and loss statements, promulgating rules and regulations.

#### **CHAPTER AT A GLANCE**

##### **MEANING AND DEFINITION OF MANAGEMENT**

Many management experts have tried to define management. But, no definition of management has been universally accepted. Let us discuss some of the

leading definitions of management: Peter F. Drucker defines, "Management is an organ; organs can be described and defined only through their functions".

According to Terry, "Management is not people; it is an activity like walking, reading, swimming or running. People who perform Management can be designated as members, members of Management or executive leaders."

Ralph C. Davis has defined management as, "Management is the function of executive leadership anywhere."

Henry Fayol, "To manage is to forecast and plan, to organize, to compound, to co-ordinate and to control." Harold Koontz says, "Management is the art of getting things done through and within formally organized group."

#### **NATURE OF MANAGEMENT**

There has been a long debate about what exactly is the nature of management. One school of thought considers management to be a science, while another school of thought disagrees and sees it as an art. Science represents a systematic body of knowledge with generally applicable fundamental principles. Scientific procedures rely on reliability and validity based on experiments and generalizations. One of the principles of science is also the use of regular imagination to explain causal phenomena. Applying these principles, management has developed certain principles, laws, theories, and generalizations over the years that can be universally applied in a variety of organizations. According to Luther Gullick, managing a body of knowledge has fundamental principles and is in the process of being called a science.

The scientific management method proposed by F.W. Taylor is called scientific management and is a good proof of the status of science based on the number of human experiments on the manufacturing floor using management techniques. Some argue that this field is an inaccurate science because it does not enjoy the status of an accurate science due to the nature of pure science such as physics and chemistry. Because management deals with humans, it is difficult to verify and predict complex human behaviour.



The nature of management can also be understood in terms of professional status. A profession, by definition, is an individual's accredited profession that allows the basic principles and practices to be applied under a particular code of conduct. Based on the above definition, efforts have been made to consider management as a profession.

According to psychologist Edgar Shane, the vocational criteria are:

- Systematic body of knowledge
- Long-term formal education and training
- Specified criteria for entry
- Code of Conduct/Ethical Code
- Professional tools/techniques
- Specialized research
- Academic institution/association

### CHARACTERISTICS OF MANAGEMENT

Management is characterized by a few elements. They are:

**Management is a Group Activity:** Management is commonly defined as activity done by people to maintain and manage the business environment and structure.

**Management is Universal in its Application:** Management is a universal phenomenon in the sense that it is a common and essential element in all enterprises.

**Management is a Continuous Activity:** Management is a series of continuous or never-ending functions. All the functions of management are performed simultaneously and continuously.

**Management as an Integrated Effort:** Management is an integrating process-Management undertakes the job of bringing together human physical and financial resources so as to achieve organizational purpose.

**Management as a Well-defined Process:** In simple words, a management process is a well-defined system of setting goals, planning and controlling any action's execution.

**Management is Objective-driven and Result-oriented:** The success of any management activity is assessed by its achievement of the predetermined goals or objective. Management is a purposeful activity. It is a tool which helps use of human and physical resources to fulfil the pre-determined goals.

**Management as a Set of Roles and Skills:** Being able to communicate clearly, coordinate and motivate staff, as well as plan tasks effectively are vital skills that all managers need.

**Management as a Function:** There are four fundamental functions of management i.e. planning, organizing, actuating and controlling.

**Management as a Discipline:** Management as a discipline refers to that branch of knowledge which is connected to study of principles and practices of basic administration.

### MANAGEMENT AND ADMINISTRATION

The use of two terms management and administration has been a controversial issue in the management literature. Some writers do not see any difference between the two terms, while others maintain that administration and management are two different functions. Those who held management and administration distinct include Oliver Sheldon, Florence and Tead, Spriegel and Lansburg, etc. According to them, management is a lower-level function and is concerned primarily with the execution of policies laid down by administration.

This controversy is discussed as under in three heads:

- (i) Administration is concerned with the determination of policies and management with the implementation of policies. Thus, administration is a higher level function.
- (ii) Management is a generic term and includes administration.
- (iii) There is no distinction between the terms management and administration and they are used interchangeably.

### THE IMPORTANCE OF MANAGEMENT

**1. It helps in Achieving Group Goals:** It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals.

**2. Optimum Utilization of Resources:** Management utilizes all the physical and human resources productively.

**3. Reduces Costs:** It gets maximum results through minimum input by proper planning and by using minimum input and getting maximum output.

**4. Establishes Sound Organization:** No overlapping of efforts (smooth and coordinated functions).

**5. Establishes Equilibrium:** It enables the organization to survive in changing environment. It keeps in touch with the changing environment.

**6. Essentials for Prosperity of Society:** Efficient management leads to better economical production which helps in turn to increase the welfare of people.

### FUNCTIONS OF MANAGEMENT

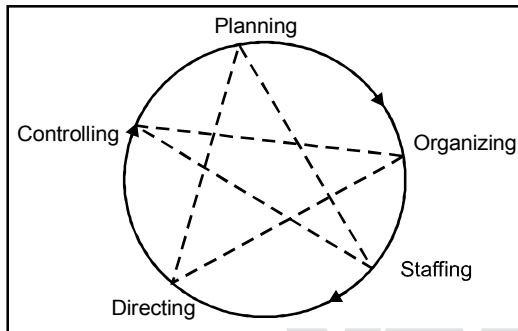
Management has been described as a social process involving responsibility for economical and effective planning and regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase, etc. Rather these activities are common to each and every manager irrespective of his level or status. Different experts have classified functions of management.

According to George and Jerry, "There are four fundamental functions of management i.e. planning, organizing, actuating and controlling".

According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, and to control".

Whereas, Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting and B for Budgeting.

But the most widely accepted are functions of management given by KOONTZ and O'DONNELL i.e. Planning, Organizing, Staffing, Directing and Controlling.



Source: Harold Koontz and O'Donnell

#### Planning

According to Koontz, "Planning is deciding in advance – what to do, when to do and how to do. It bridges the gap from where we are and where we want to be". A plan is a future course of actions.

#### Organizing

According to Henry Fayol, "To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's". To organize a business involves determining and providing human and non-human resources to the organizational structure.

#### Staffing

According to Kootz and O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal and development of personnel to fill the roles designed un the structure".

#### Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes.

#### Controlling

According to Theo Haimann, "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation". According to Koontz and O'Donell "Controlling is the measurement and correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished".

#### CHALLENGES OF MANAGEMENT

Some of the challenges of management are as follows:

**Globalization:** Globalization means that activities be managed from an overall global perspective as part of an integrated system.

**Technology:** Technology "refers to the resources used by an organisation to manage information that it needs to carry out its mission".

**Workforce Diversity:** Diversity in the workforce exists when members differ along dimensions like race, colour, caste, creed, nationality, gender, etc.

**Innovation:** The organizational world which existed in those companies who set up manufacturing facilities in foreign countries had to send technical experts at initial times.

**Ethics and Governance:** Firms which do not adhere to ethical standards and social responsibilities are not accepted by the society. It is, therefore, a challenge for managers to define relationships with the social environment.

**Quality:** Quality is "the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs".

**Cost:** Aligning the schedule and budget of the project is another difficult task that project professionals come across in cost control management.

**Change Management:** Change is a continuous process. If firms want to compete in the complex, dynamic and diverse environment as they are facing today, where expectations from managers and their organizations are on an ever increase, they must accept the changes that confront their everyday life.

#### ACTIVITIES

**Q. 1. All of us manage our daily routine. Write down the activities which reflect some form of management in your daily routine.**

**Ans.** A daily schedule helps you prioritize your wants and needs efficiently and offers you structure to support your productivity. Once established, a daily routine can help you achieve long-term goals by ensuring you're regularly working towards them. Other benefits of a daily schedule include:

- Scheduling time to meet all daily goals
- Boosting productivity
- Limiting procrastination
- Establishing healthy habits
- Enjoying a good work-life balance

Follow these steps:

**1. Write everything down:** Begin by writing down every task, both personal and professional, you want to accomplish during a normal week. Focus on brainstorming rather than editing or organizing. Remember to include tasks that you complete intermittently, like changing the sheets on the bed or mowing the lawn, and everyday tasks like making breakfast or doing dishes.

**2. Identify priorities:** Once you have your master list, go through it and identify daily priorities. Consider

using a highlighter to help visually organize your priorities by work, personal, wants and needs. For example, highlight daily work needs, like answering emails or returning phone calls, in blue and highlight personal wants, like reading a book for pleasure or going out for coffee with a friend, in green. Do this for your full list of tasks.

**3. Make a weekly chart:** Create, purchase or print a weekly chart. Begin filling it in with daily and weekly personal and work needs. Identify where it makes sense to complete tasks that recur weekly to keep your schedule as open as possible. For example, if on Mondays you have only four priority tasks, consider adding a weekly task like mowing the lawn rather than doing it on Saturdays when you have six priority tasks.

**4. Optimize your tasks:** Review your weekly schedule and determine if there are areas or tasks you can simplify or optimize to save time.

**Q. 2. Take the example of any successful organization in India and reflect on how management contributed to its success.**

**Ans.** Organizational learning is a buzzword used to describe the process of transferring knowledge within an organization. As your business gains experience, it should improve over time. You, your team, and your organization should be creating a broad base of knowledge during this time, covering any and all topics that could improve the way you do business. For example, you should learn more about your ideal customer, or create more efficient processes for running your business.

In general, the experts talk about four different types of knowledge that exist and grow within an organization. They divide them up into “communities” of learning:

- Individual
- Group
- Organizational
- Inter-organizational

**Individual Learning:** Obviously, this is the smallest learning community – a community of just one. When an individual worker learns new skills or ideas, productivity and performance generally improve. In order to maximize the benefit of this individual learning to the organization, the worker who learns the new skill must share it with co-workers.

**Group Learning:** Groups, or teams of employees, can also learn new skills together. When people spend the majority of their time working on a team with specific coworkers, those teams tend to coordinate in such a way that they learn as a group.

There are a number of steps management contributed to its success.

**Create knowledge:** The first step toward learning is creating, or taking in, knowledge and information. Managers should constantly seek to uncover new knowledge about their business, customers and

environment. They can do this by conducting surveys, performing market analyses, networking with colleagues in their industry and studying competitors.

**Retain the knowledge:** Once managers have created, or obtained the knowledge, they need a system for retaining it within the organization. It should be recorded or stored in a place where it will be accessible to other employees in the future. Many companies achieve this goal by using an intranet. (The organizational learning gurus would call these “knowledge management systems.”)

**Transfer the knowledge:** Finally, the knowledge must be transferred out of the individual community and into the organizational community as a whole. Some methods for transferring knowledge are simple, like conducting training or writing articles to share online. But it’s important to also use the information to inform your business processes.

### SELF-ASSESSMENT QUESTIONS

**Q. 1. What is management? Why is it important in the contemporary world?**

**Ans.** Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively.

Let us discuss some of the leading definitions of management: Peter F. Drucker defines, “Management is an organ; organs can be described and defined only through their functions”.

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Henry Fayol, “To manage is to forecast and plan, to organize, to compound, to co-ordinate and to control.” Harold Koontz says, “Management is the art of getting things done through and within formally organized group.”

The importance of management to a modern business is discussed below:

**1. Accomplishment of Goals:** It is the management which determines the goals of the organization and of various departments and functional groups. The goals are communicated to the employees to seek their cooperation. All organizational activities are directed towards the organizational objectives. Clear-cut definition of goals is essential for the success of any organization.

**2. Effective Utilization of Resources:** Management ensures optimum utilisation of resources. Through planning and organisation, management eliminates all types of wastages and achieves efficiency in all business operations. Management motivates workers to put in