

Winter/November 2012

Master of Business Administration - Semester 1
MB0038 – Management Process and Organizational Behaviour
Assignment Set - 1

Q1. What are the fourteen principles of management?

Henri Fayol, a mining engineer and manager by profession, defined the nature and working patterns of the twentieth-century organization in his book, *General and Industrial Management*, published in 1916. In it, he laid down what he called 14 principles of management. This theory is also called the Administrative Theory. The principles of the theory are:

1. Division of work: tasks should be divided up with employees specializing in a limited set of tasks so that expertise is developed and productivity increased.
2. Authority and responsibility: authority is the right to give orders and entails enforcing them with rewards and penalties; authority should be matched with corresponding responsibility.
3. Discipline: this is essential for the smooth running of business and is dependent on good leadership, clear and fair arguments, and the judicious application of penalties.
4. Unity of command: for any action whatsoever, an employee should receive orders from one superior only; otherwise authority, discipline, order, and stability are threatened.
5. Unity of direction: a group of activities concerned with a single objective should be co-ordinated by a single plan under one head.
6. Subordination of individual interest to general interest: individual or group goals must not be allowed to override those of the business.
7. Remuneration of personnel: this may be achieved by various methods but it should be fair, encourage effort, and not lead to overpayment.
8. Centralization: the extent to which orders should be issued only from the top of the organization is a problem which should take into account its characteristics, such as size and the capabilities of the personnel.
9. Scalar chain (line of authority): communications should normally flow up and down the line of authority running from the top to the bottom of the organization, but sideways communication between those of equivalent rank in different departments can be desirable so long as superiors are kept informed.
10. Order: both materials and personnel must always be in their proper place; people must be suited to their posts so there must be careful organization of work and selection of personnel.
11. Equity: personnel must be treated with kindness and justice.
12. Stability of tenure of personnel: rapid turnover of personnel should be avoided because of the time required for the development of expertise.

13. Initiative: all employees should be encouraged to exercise initiative within limits imposed by the requirements of authority and discipline.

14. *Esprit de corps*: efforts must be made to promote harmony within the organization and prevent dissension and divisiveness.

Q2. Explain strategy as an organisational process.

Strategic planning is one of the most important responsibilities of the senior management of an organization. It is the vehicle that senior management should use to set the organizational vision, determine the strategies required to achieve that vision, make the resource deployment decisions to achieve the selected strategies, and build alignment to the vision and strategic direction throughout all levels of the organization.

Unfortunately, strategic planning is also one of the most misunderstood and poorly used tools in many organizations. Strategic plans are often large documents with detailed plans created arduously over months at great effort...only to gather dust and languish after they have been duly acknowledged and then filed away.

There are several reasons why strategic plans are not developed properly, or not implemented properly. Among the most common are:

- Senior management does not follow a defined process to accomplish this task. As a consequence, months of effort are wasted in creating reams of paper that do not have strategic import.
- The process is delegated to a planning group, or assigned to the various functional leaders to complete for their respective areas. If completed in individual functional areas, the plan may work for individual departments, but is likely to sub-optimize the whole organization. If assigned to a planning group, the result is often not truly embraced and endorsed by senior leadership.
- Senior management does not set aside the time to develop the strategic plan as a collective team work product.
- The organization does not understand what a strategic plan is actually designed to provide. Therefore, the strategic plan is a tactical business plan with multiple year extrapolations. There is very little about it that addresses actual strategic direction.
- Senior management does not follow a defined process or methodology that will result in a strategic plan in a timely and efficient yet comprehensive manner.
- The plan is developed but there is no process to communicate it throughout the organization and build organization-wide alignment to its implementation.
- The plan is developed with no implementation guidelines at all. At best, it is implemented in pieces. At worst, it is unfunded and ignored.

This does not have to become the reality. Strategic plans can be developed in an efficient and timely manner as long as the senior management team of an organization is committed to meeting and working together over a period of several months to develop it.

Q3. What are the types of plans found in organisations?

Remaining answers are available in the full assignments.

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