

Date - 27-03-2018

Scientific Management

There are three type of Management

1. Unsystematic Management
2. Systematic Management
3. Scientific Management

These are all three types described by H.P. Kendall.

Scientific Management (वैज्ञानिक प्रबंध)

According to F.W. Taylor Scientific management is the art of knowing what we want men to do and then seeing that they do it in the best and cheapest way.

* Aims (and obligation) of Scientific management

1. To use scientific methods in the place of traditional methods.
2. To enhance or increase the level of profit.
2. To make possibility of maximum production in minimum cost.
4. To provide standard goods to people in minimum price.
5. To control the production methods in the way of specialisation, simplification and

and standardisation that decrease the pressure of labour, increase the efficiency of labour.

Feature of Scientific Management

1. A definite plan: - there should be pre defined plan for every work by which we perform or complete the work.
2. Analysis and Experiment: - According to F.W. Taylor through under scientific management is 75% analysis and 25% common sense.
3. A set of rules: - what we have to do in scientific way must be practiced once.
4. Timely Study: - we have to study analyze the problems which comes time to time.
5. Economic: - Scientific management produce goods at minimum cost so it helps to be an economy producer.
6. Increase in efficiency: - Scientific management reduce the level of pressure on labours as workers and they can do their complete efficiency.

7. Firmness (Strength): - Scientific management is a set of rules and we have to follow all rules firmly if we are looking for scientific management it can only done after strong policy.

8. Definite object: - there is a definite goal which have to achieve with scientific management.

9. Co-operation: - If we want successful management there must be co-operation between all the factors participating.

Other feature: -

" Science but not rule of thumb, harmonize but not discord, cooperation but not individualism maximum output; the development of each man to his greatest efficiency and properly said by F.W. Taylor

Difference between Scientific and Traditional Management.

Sl.No.	Base	Traditional	Scientific
1.	Working method	It depends on trial and error method.	It depends on Scientific analysis.
2.	Objective	Maximise profit with the help of low wages.	To maximise profit with the help of cost production.
3.	Worker pressure.	It has completely work pressure on labours.	Managers and workers both hold the pressure.
4.	Worker welfare	It has no any welfare system for labours.	It has welfare system for workers.
5.	Advice	Non-hears the workers.	Workers advise is always welcome.
6.	Training	They think training of workers is waste of money.	Scientific managers think it is investment to trained workers.

B.O. (H)

1. Point Out the Merits & demerits of piece wage System.

Ans:- The Output of work is the basic of Wage payment. A worker is paid according to the amount of work completed or the number of units turned out irrespective of time taken. The rate of wage per unit of output is determined and is fixed in advance. Though the time is not of essence in this system, it is assumed that the worker will not take more than average time to complete the job. The earning of a worker depends upon the speed of his work and his own skill and efficiency.

Merit of piece wage system:-

1. Incentive for Higher production:- This system provides more and they are encouraged to realize their personal ambitions.
2. Fairness:- This system ensures fairness by correlating wages and productivity. The inefficient workers are penalised as they get less wages.
3. Costing:- Costing of production becomes easier as wages are a constant factor of each unit of output.
4. Lesser Supervision:- Cost of supervision is less

as the workers do not need constant supervision to lead them to work. The very attraction of greater reward for better output drives them to work harder.

5. Remedial Transfer:- Under this system, if a worker is constantly giving poor results, he may be shifted to another job. Thus, shifting of workers to jobs which suit them better, takes place without creating difficulty for management.

6. Economy:- The unit cost of production comes down with larger output, because the fixed overhead burden can be distributed over a greater number of units produced.

Demerit of Piece - wage System:-

1. Low quality:- Too much emphasis on the quantity of production may lower the quality of products. To safeguard against this, a strict inspection is required in those workshops where piece rates operate.
2. Necessity to workers:- The workers have a feeling of necessity in their mind. They would get lower wages during a period when their efficiency may get reduced due to factors beyond their control. Thus

at times, the workers may be saving wages below the subsistence level.

3. Strained Industrial Relations:- The relations between workers and employees become sour if their output is low due to fault of management.

4. Difficulty in Rate Fixation: Fixation of piece rates poses a problem for the management. Lower rates may lead to resentment on the part of the workers. Thus, industrial relations in the factory will get adversely affected.

5. More administrative work:- Introduction of piece rate will involve increased administrative work as production cards will have to be maintained for each worker. Daily record of production and rate of payment will have to be elaborately kept and preparation of pay roll will entail a lot of calculations.

6. Wastage:- The workers will increase the speed of work and this naturally leads to speeding up of machinery. Wastage of materials, fuel and power. This may result in greater loss to the industry. Excessive speed in running in test machine may cause break down, accidents and frequent replacement resulting in loss to the concern.

7. Health Hazard:- In their eagerness for increased earnings, workers may exert to the point of exhaustion and thus may undermine their health and efficiency.
8. Opposition by trade unions:- Differs in earnings cause dissatisfaction and resentment among workers. Trade unions openly work against the piece wage system. They argue that this form of wage payment encourages rivalry between workers and endangers solidarity of labour unions.

bulk buying may ^(b.o.)

Q3. Describe the stock method in stock exchange in India.

⇒ According to section 4 of the Securities Contract (Regulation) Act, only dealings in securities exchange can permit dealings in securities. Recognition to stock exchanges in general by the central government is through SEBT, informed by the central government is published in the gazette of India and also in the official gazette of the state in which the principal office of the stock exchange is located. The recognition can be withdrawn any time by the central government through SEBT.

Number of recognised stock exchanges:- As of date there are 24 recognised stock exchanges in India, including the five the Central stock Exchanges (OTCEI) and Inter-Connected stock Exchanges, National stock exchange (NSE) and the Bombay stock exchanges. National are two leading stock exchanges having national wide presence.

Difference between option dealings and future

Contract

Option Dealings

Future Dealings

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| 1. It is an option i.e. a choice to demand performance of the contract from the other party. The option may be exercised or may not be exercised. | 1. It is an agreement to buy or sell securities on a future date. The contract has to be performed on that day. There is no choice. |
| 2. The producer of option pays a premium (money) to the provider of the option. | 2. It is a simple contract for performance in future. No body pays any premium to anybody. |
| 3. The holder of option has the right of exercise for option anytime on or before the expiry date. | 3. The contract has to be performed only on the specified date, not before it. |

List of Recognised stock exchanges - Following is the latest list of recognised stock exchanges in India: Ahmedabad, Bangalore, Bhubaneswar, Chennai, Cochin, Cimbabwa, Cuttack, Delhi, Durgam, Guwahati, Hyderabad, Indore, Jaipur, Kolkata, Ludhiana, Mangalore, Mumbai, Patna, National Stock Exchange of India (NSE), Over-the-Counter Exchange of India (OTCEI), Pune, Rajkot and Vadoda.

Unofficial Stock Exchanges :- Besides the recognised stock exchanges mentioned above, there are about 40 unofficial exchanges operating as business association. They are not recognised by SEBI.

but many of them transact considerable volume of business. In addition there are khab and illegal batta markets doing securities trading business.

Licensed Dealers :- At places where there are no stock exchanges, the government has power to appoint licensed dealers in securities and can prescribe conditions subject to which they will carry on business of dealings in securities. These licensed dealers are more operative at the over-the-counter exchange of India and the National Stock Exchange

Describe the Sole trading business. Discuss merits and demerits!

Ans:- Sole trading is a form of business Organisation in which and individual introduces his own capital, uses his own skill and intelligence in the management of its affairs and is solely responsible for the results of its operations. The individual may run the business alone or may obtain the assistance of employees. It is the first stage in the evolution of the forms of Organisation and is, thus, the oldest among them.

According to Wheeler, "the Sole trading is that form of business Organisation which is owned and controlled by a single individual. He receives all the profits and risks all of his property in the stress or failure of the enterprise."

Sole trading is a form of Organisation in which an individual invests the entire capital, uses his own skills and is solely responsible for the results of business.

He may borrow money and may employ assistants. But he alone owns and controls the business and bears its losses.

Merits of Sole trade:-

1. Easy to start:- As stated earlier, no legal formalities are required to set up or start the form of Organisation, hence it is easy to start it. Any person who is having capacity to conduct can start such enterprise. Similarly, there are no legal requirement to close or dissolve the firm.
2. Quick Decision-making:- Promptness in decision making is another advantage of this form of Organisation. Does not consult any one while taking decision. Therefore, quick decisions are taken to capture the opportunity.
3. Secrecy:- One man control exists in such type of Organisations. Therefore, secrecy can be maintained about the business matters.
4. Direct motivations:- The whole profit goes to the proprietor. Therefore, there is direct relation between effort and reward. It encourages him to work hard.
5. Flexibility in management:- Small proprietor does not need consult others. He can make changes without delay. So, flexibility in management exists.
6. Policies can be changed according to the changes in situation.
6. Credit Minimum Government Regulation - There is no day-to-day interference in the affairs of

The business by the government. There is minimum control by the government. However - the rules regarding audit of accounts are applicable if each exceeds the specified limit.

7. Credit worthiness:- If an individual (sole proprietor) has enough resources (cash or investment), he will enjoy credit standing among the other institutions and suppliers dealing with him. The creditors and suppliers will not hesitate in dealing with the owner of such an enterprise.
8. Independent living:- It is a source of independent way of living. Sole proprietorship is suitable for those who want to be self dependent. It is an honorable way of living life in which there is no loan.
9. Personality Development:- Sole Proprietor has to be all in all. In this process, development of personal and social virtues like self-reliance, responsibility, firm will independent thinking, free press. These social virtues enable him to lead respectable life in society.
10. Concentration of economic power is avoided:- Sole proprietorship reduces the concentration of economic power in few hands. In other words, decentralization of industry is promoted through this form of business organization.

Since it is done on small scale, large number of people can start this business thus avoiding concentration of economic power.

11. Social Utility:- Sole proprietorship is useful to the society in the following ways:-

1. Trade dependent living:- Development of personality
2. Diffusion of economic power
3. Development of economic power
4. Decentralization of industry:- This is the main limitation of Sole Proprietorship. The individual proprietor suffers from the limited financial resources. It depends upon his personal funds.
5. Unlimited liability:- Another disadvantage of this form of organization is unlimited liability of sole proprietor. The sole proprietor has to bear all risks in the business.
6. Limited scope for growth:- Growth and survival depends upon the availability of finance. There is limited scope for growth due to lack of finance in such type of organization.
7. Uncertainty of duration:- There is uncertainty of duration in such type of business organization. Since the business continues to operate till the proprietor survives.

5. Limited managerial skills:- The managerial ability of

the proprietor is limited. He is the sole judge of his business. He cannot be an expert in

all areas viz - Production, marketing, financing etc.

Therefore sometimes his decisions may be unbalanced

desires he may take the advice from trained

staff but due to lack of finance, he cannot

appoint trained and professional staff. Speciali-

zation and expertise are not available in

the sole proprietorship.

Q9 Describe the factors determine the size a business unit.

Ans:- Concept of Size of Business:- Choice of size of business and selection of the site for location of the enterprise are significant decision

taken by an entrepreneur.

Size of business refers to the scale of

the scale of operations. Size of the firm as its

scale of operations is important because its

affects the cost of operations and input require

several criteria are used to judge the size of business

viz, total assets, Capital employed as well as the

number of workers employed, Capacity of plants,

quantity of materials and power used. Volume

of output, Value of output. etc. A business can

be carried on small scale, medium scale or

large scale.

Factors of the Size of business Unit:-

1. Type of Industry - The basic nature of industry

affects the scale of operations. In certain

industries e.g. iron and steel, shipbuilding,

size has to be large due to complicated

production process as use of automatic

machinery. The size of firms, in an industry

is likely to be small where the product is

both small and simple as in the case

of bread, Cutlery, ball pen, etc. But when the final product is highly complex as large e.g. air-Craft manufacturing, size of firm tends to be large.

ii. Nature and Variety of product:- Size is often large when a variety of product is manufactured. Less divisible, less standardized and more fashionable the product, smaller is the size.

iii. Size of the market:- Greater is the demand for the product and more dispersed is the market, larger is generally the size of industry. In India, limited purchasing power of people explains the preponderance of small firms in many industries.

iv. Capital Requirement:- Needs for and availability of capital is another determinant of size. Firms which require heavy investment and which can raise large funds tend to be of large size.

v. Ability and policy of business:- The capabilities and efficiency of management is another important factor. A large firm can be successful when

the management is able to coordinate and control it efficiently. Sometimes, there may be opportunity for expansion but account may not like to expand due to risks of large size.

vi. Cost of Transport:- Where raw materials are produced product is costly to carry, it may be advisable to operate on a small scale with the help of local suppliers of raw materials and within the local market.

~~Cost of Transport~~