

Principles of Management

Principle

A principle is a fundamental statement of truth that provides guidance to thought and action.

MEANING

- **A principle refers** to a statement which reflects the fundamental truth about some phenomenon based on cause and effect relationship

Principles of Management

Principles of management are broad and general guidelines for managerial decision making and behavior (i.e. they guide the practice of management).

- **Management principles** are the statements of fundamental truth which act as guidelines for taking managerial actions and decisions.

Principles of Management

- **Management principles are not developed overnight but a complete procedure to develop these principles is undertaken.**
- **Management Principles vs. Pure Science Principles**
 - 1. Management Principles are very flexible whereas pure science principles are rigid.**
 - 2. Management Principles are applied with creativity as these principles influence the behaviour of human being whereas scientific principles are applied in absolute or in static manner.**
 - 3. Management principles have to keep pace with the changing requirement of business environment whereas scientific principles do not change with time.**

Principles of Management

Nature of Principles of Management

The nature of principles of management can be described in the following points:

- 1. Universal applicability i.e. they can be applied in all types of organizations, business as well as non-business, small as well as large enterprises.**
- 2. General Guidelines: They are general guidelines to action and decision making however they do not provide readymade solutions as the business environment is ever changing or dynamic.**

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3. Formed by practice and experimentation: They are developed after thorough research work on the basis of experiences of managers.

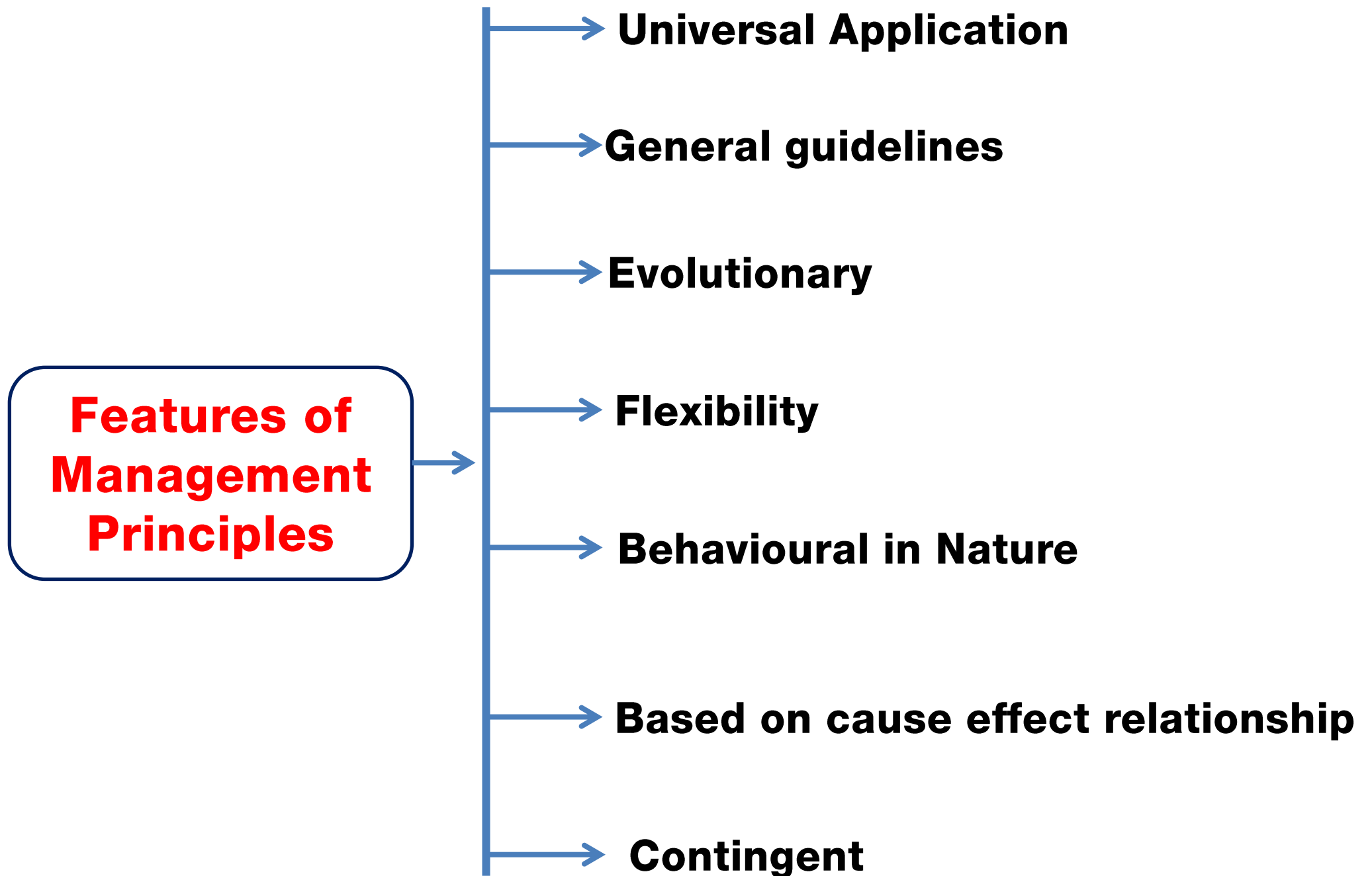
4. Flexible: Which can be adapted and modified by the practicing managers as per the demands of the situations as they are man-made principles.

5. Mainly Behavioural: Since the principles aim at influencing complex human behaviour they are behavioural in nature.

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6. Cause and Effect relationship: They intend to establish relationship between cause & effect so that they can be used in similar situations.

7. Contingent: Their applicability depends upon the prevailing situation at a particular point of time. According to Terry, “Management principles are ‘capsules’ of selected management wisdom to be used carefully and discretely”.



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Significance of the Principles of Management

The significance of principles of management can be derived from their utility which can be understood from the following points:

1. Providing managers with useful insights into reality: Management principles guide managers to take right decision at right time by improving their knowledge, ability and understanding of various managerial situations and circumstances.

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2. Optimum utilization of resources and effective administration: Management principles facilitate optimum use of resources by coordinating the physical, financial and human resources. They also help in better administration by discouraging personal prejudices and adopting an objective approach.

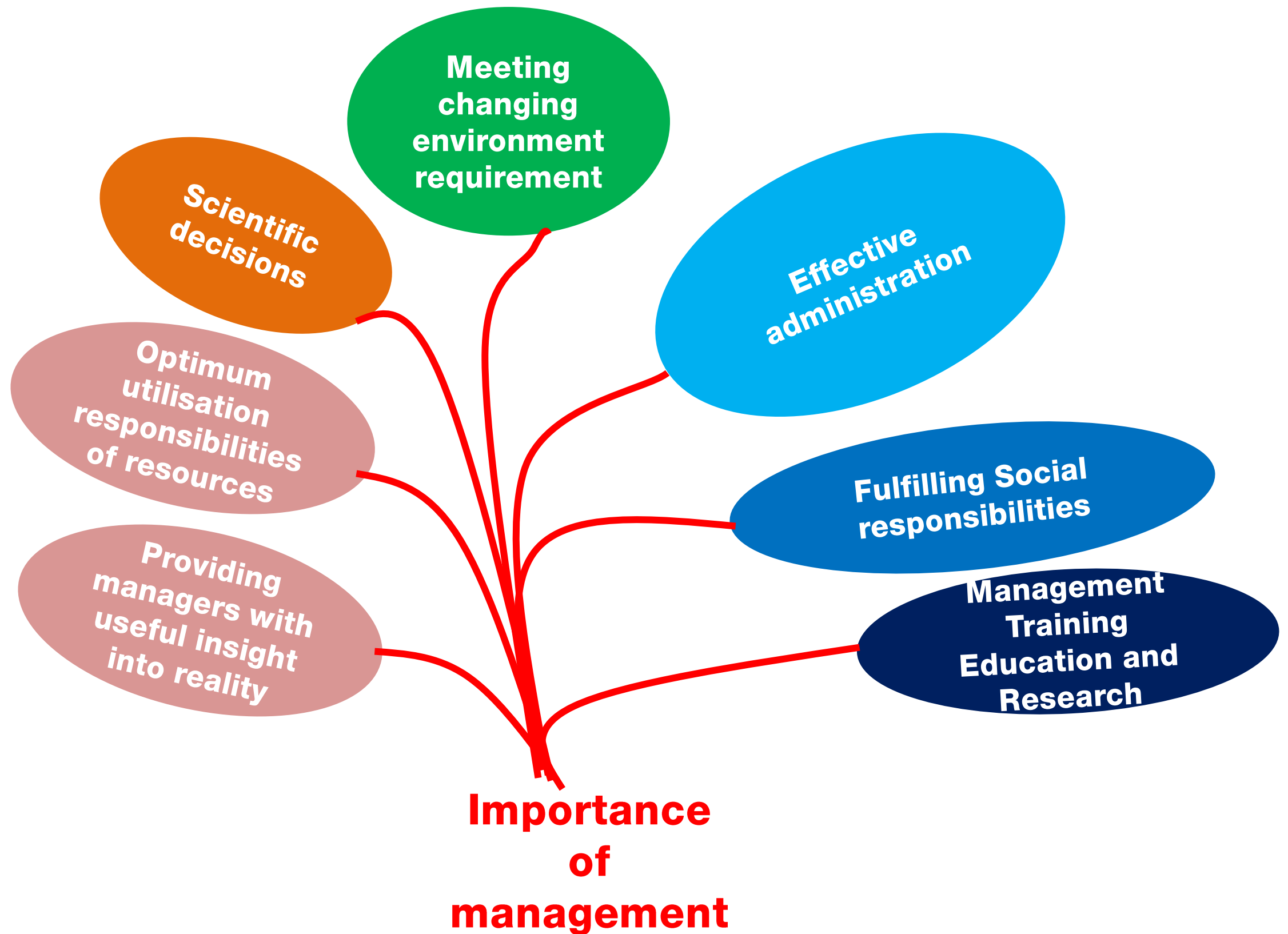
3. Scientific decisions: Decisions based on management principles tend to be more realistic, balanced and free from personal bias.

4. Meeting the changing environmental requirements: Management principles provide an effective and dynamic leadership and help the organization to implement the changes.

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5. Fulfilling social responsibility: Principles of management not only help in achieving organizational goals but also guide managers in performing social responsibilities. Example : “Equity” and “Fair” remuneration.

6. Management training, education and research: Management principles are helpful in identifying the areas in which existing and future managers should be trained. They also provide the basis for future research.



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Fayol's Principles of Management

About Henry Fayol: Henry Fayol (1841-1925) got degree in Mining Engineering and joined French Mining Company in 1860 as an Engineer. He rose to the position of Managing Director in 1988. When the company was on the verge of bankruptcy. He accepted the challenge and by using rich and broad administrative experience, he turned the fortune of the company. For his contributions, he is well known as the “Father of General Management”.

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Principles of Management developed by Fayol

- 1. Division of work:** Work is divided in small tasks/job and each work is done by a trained specialist which leads to greater efficiency, specialization, increased productivity and reduction of unnecessary wastage and movements.
- 2. Authority and Responsibility:** Authority means power to take decisions and responsibility means obligation to complete the job assigned on time. Authority and responsibility should go hand in hand. Mere responsibility without authority, makes an executive less interested in discharging his duties. Similarly giving authority without assigning responsibility makes him arrogant and there is fear of misuse of power.

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- 3. Discipline:** It is the obedience to organizational rules by the subordinates. Discipline requires good supervisors at all levels, clear and fair agreements and judicious application of penalties.
- 4. Unity of Command:** It implies that every worker should receive orders and instructions from one superior only, otherwise it will create confusion, conflict, disturbance and overlapping of activities.
- 5. Unity of Direction:** Each group of activities having the same objective must have one head and one plan. This ensures unity of action and coordination.

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Difference between Unity of Command and Unity of Direction

Basis Unity of Command Unity of Direction

1.Meaning

It means that a subordinate should receive orders and instructions from one boss only.

It advocates 'one head, and one plan' for a group of activities having the same objectives. The activities should be directed towards the common goals.

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2.Scope This principle is related to the functioning of personnel

This principle is related to the functioning of a department or the organization as a whole

3.Purpose The main purpose of unity of command is to avoid confusion and fix up the responsibility of the employee.

The purpose of unity of direction is to direct the efforts of employees of one department in achieving the main objective of that department.

4.Results in Systematic working and improved efficiency by removing confusion and chaotic conditions Co-ordination within a particular department and overall; by preventing overlapping of various activities.

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- 5. Remuneration of Employees: The overall pay and compensation should be, fair to both employees and the organization. The wages should encourage the workers to work more and better**
- 6. Subordination of Individual Interest to General Interest: The interest of an organization should take priority over the interest of any one individual employee.**

Difference between Unity of Command and Unity of Direction

	Principle of Unity of Command	Principle of Unity of Direction
1.	This principle insists on one boss on one subordinate.	This principle insists on one unit/division on one plan.
2.	The main purpose of unity of command is to avoid confusion and fix up responsibility on the employee.	The purpose of unity of direction is to direct the efforts of employees of one department in achieving the main objective of that department.
3.	This principle is related to functioning of employees with clarity in mind.	This principle is related to functioning of organisation as a whole or as one unit.
4.	This principle results in systematic working and improves efficiency by removing confusion and chaotic conditions.	This principle results in co-ordination of activities of different personels.

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➤ Centralization and Decentralization:

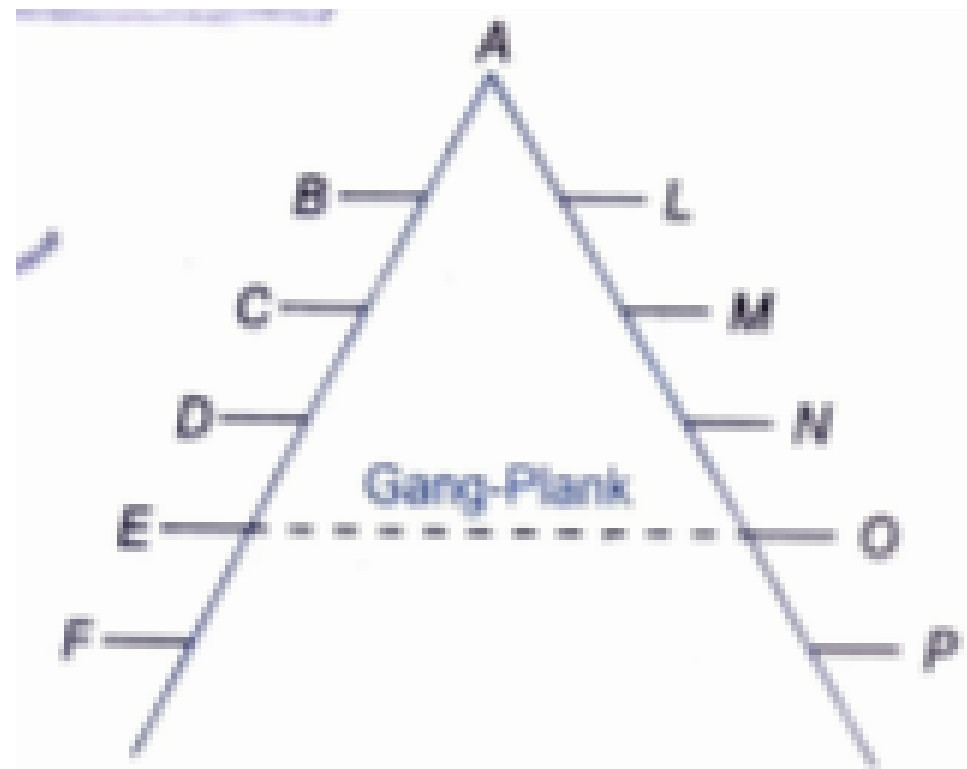
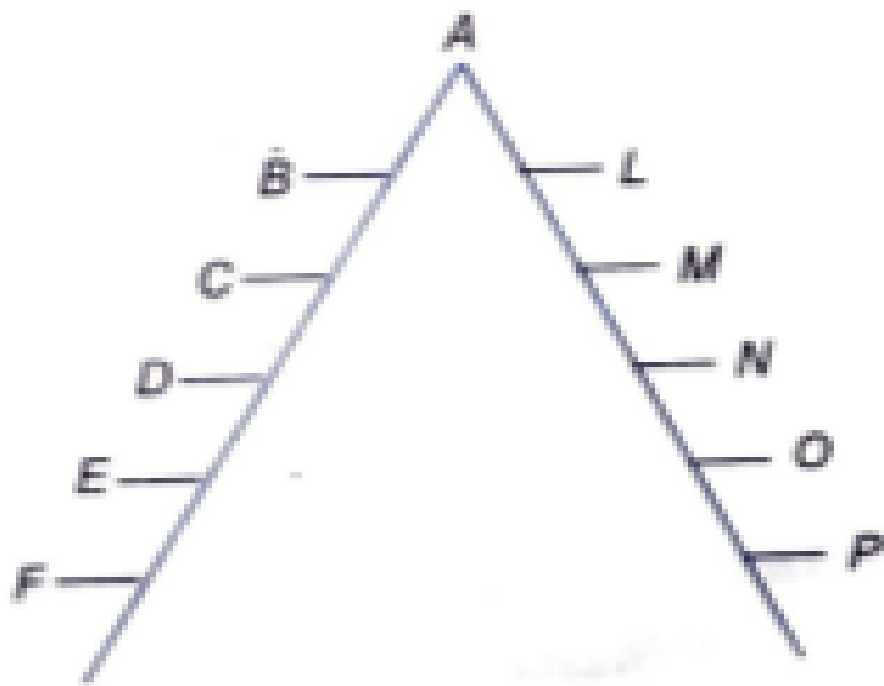
Centralization means concentration of decisions making authority in few hands at top level.

Decentralization means evenly distribution of power at every level of management. Both should be balanced as no organization can be completely centralized or completely decentralized.

For example, the major decisions and activities of setting up organisational goals, plans, policies, strategies can be centralised but there can be policy of decentralisation for the activities of routine work such as purchase of raw materials, fixing targets of workers etc.

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- **Scalar Chain:** The formal lines of authority between superiors and subordinates from the highest to the lowest ranks is known as scalar chain. This chain should not be violated but in emergency employees at same level can contact through Gang Plank by informing their immediate superiors.



- **Order: A place for everything and everyone and everything and everyone should be in its designated place. People & material must be in suitable places at appropriate time for maximum efficiency.**

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- **Equity:** The working environment of any organization should be free from all forms of discrimination (religion, language, caste, sex, belief or Basis Unity of Command Unity of Direction nationality) and principles of justice and fair play should be followed. No worker should be unduly favoured or punished.
- **Stability of Personnel:** After being selected and appointed by rigorous procedure, the selected person should be kept at the post for a minimum period decided to show results.
- **Initiative:** Workers should be encouraged to develop and carry out their plan for improvements. Initiative means taking the first step with self-motivation. It is thinking out and executing the plan.

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- **Espirit De Corps: Management should promote team spirit, unity and harmony among employees. Management should promote a team work.**

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Taylor's Scientific Management

- **Fredrick Winslow Taylor (1856-1915) was a person who within a very short duration (1878-1884) rose from ranks of an ordinary apprentice to chief engineer in Midvale Steel Company, U.S.A. Taylor conducted a number of experiments and came to conclusion that workers were producing much less than the targeted standard task. Also, both the parties - Management and workers are hostile towards each other. He gave a number of suggestions to solve this problem and correctly propounded the theory of scientific management to emphasize the use of scientific approach in managing an enterprise instead of hit and trial method. For his contributions, he is well known as the “Father of the Scientific Management”. Scientific Management attempts to eliminate wastes to ensure maximum production at minimum cost.**

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Principles of Scientific Management

(1) Science, not rule of Thumb: There should be scientific study and analysis of each element of a job in order to replace the old rule of thumb approach or hit and miss method. We should be constantly experimenting to develop new techniques which make the work much simpler, easier and quicker.

(2) Harmony, Not discord: It implies that there should be mental revolution on part of managers and workers in order to respect each other's role and eliminate any class conflict to realize organizational objectives.

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(3) Cooperation not individualism: It is an extension of the Principle of Harmony not discord whereby constructive suggestions of workers should be adopted and they should not go on strike as both management and workers share responsibility and perform together.

(4) Development of each and every person to his or her greatest Efficiency and Prosperity: It implies development of competencies of all persons of an organization after their scientific selection and assigning work suited to their temperament and abilities. This will increase the productivity by utilizing the skills of the workers to the fullest possible extent.

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➤ **Functional Foreman-ship:** Functional foreman-ship is a technique in which planning and execution are separated. There are eight types of specialized, professionals, four each under planning and execution who keep a watch on all workers to extract optimum performance.

Planning Incharges :

- 1. Route Clerk to specify the exact sequence and route of production.**
- 2. Instruction card clerk is responsible for drafting instructions for the workers.**

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3. Time and cost clerk to prepare time and cost sheet for the job.

4. Shop Disciplinarian to ensure discipline and enforcement of rules and regulations among the workers.

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Production Incharges:

- 1. Gang boss is responsible for keeping tools and machines ready for operation.**
- 2. Speed boss is responsible for timely and accurate completion of job.**
- 3. Repair boss to ensure proper working conditions of tools and machines.**
- 4. Inspector to check quality of work.**

FACTORY – MANAGER

Planning – Incharge

Production Incharge

→ **Intruaction card clerk**

→ **Rule clerk**

→ **Time & cost clerk**

→ **Disciplinarion**

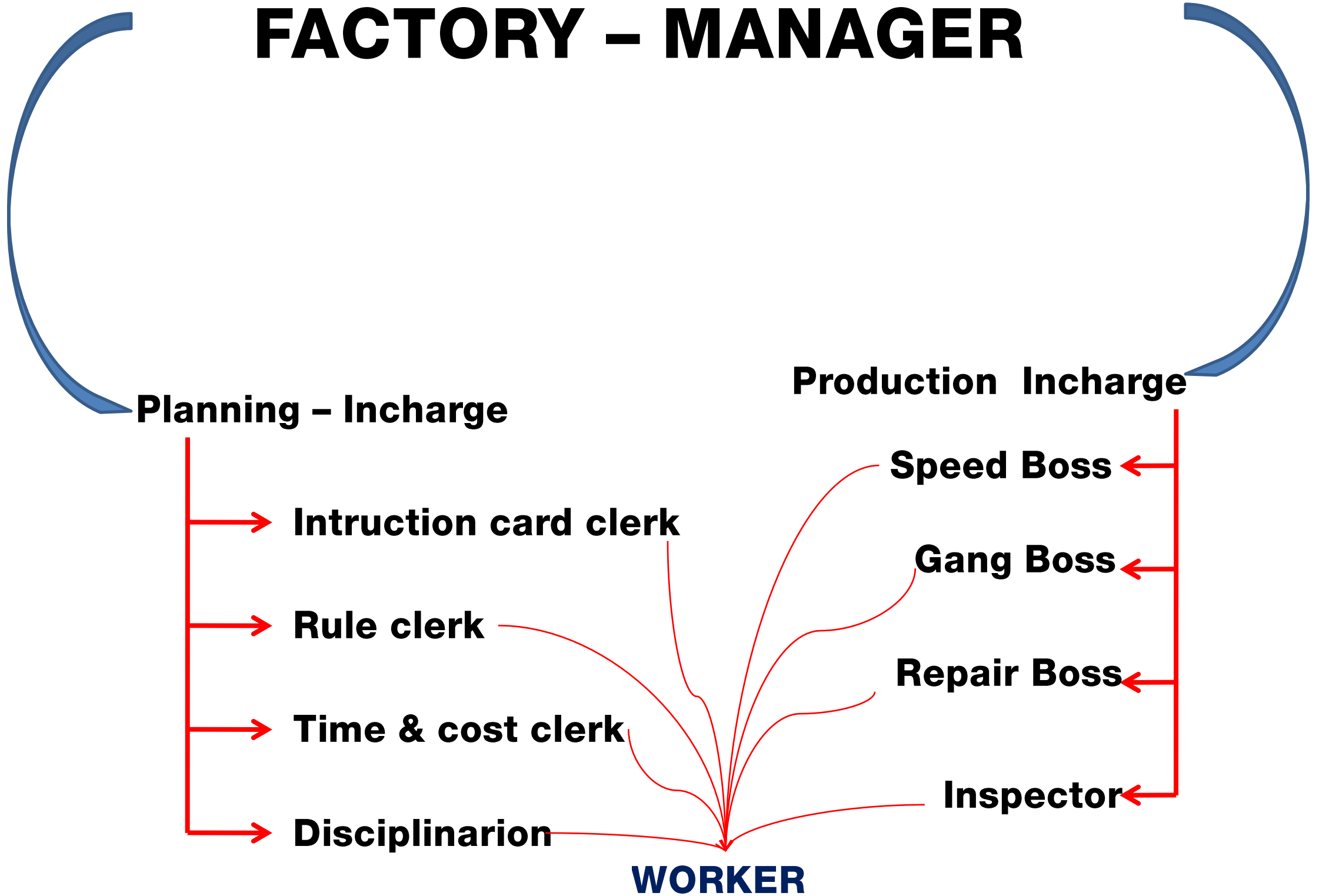
Speed Boss ←

Gang Boss ←

Repair Boss ←

Inspector ←

WORKER



Principles of Management

- **Standardization and Simplification of work:** Standardization refers to developing standards for every business activity whereas Simplification refers to eliminating superfluous varieties of product or service. It results in savings of cost of labour, machines and tools. It leads to fuller utilization of equipment and increase in turnover.
- **Method Study:** The objective of method study is to find out one best way of doing the job to maximize efficiency in the use of materials, machinery, manpower and capital.

(1) Which technique of scientific management is being violated here?

(Hint: Functional Foreman ship.)

(2) Write one consequence of this violation.

Principles of Management

- **Motion Study:** It is the science of eliminating wastefulness resulting from using unnecessary, ill-directed and inefficient motions by workers and machines to identify best method of work.
- **Time study:** It determines the standard time taken to perform a well-defined job. The objective of time study is to determine the number of workers to be employed, frame suitable incentive schemes & determine labour costs.
- **Fatigue study:** Fatigue study seeks to determine time and frequency of rest intervals in completing a task. The rest interval will enable workers to regain their lost stamina thereby avoiding accidents, rejections and industrial sickness.

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- **Differential piece wage system:** This system links wages and productivity. The standard output per day is established and two piece rates are used: higher for those who achieve upto and more than standard output i.e. efficient workers and lower for inefficient and slow workers. Thus, efficient workers will be rewarded & inefficient will be motivated to improve their performance.

For example: Standard task is 10 units. Rates are: Rs 50 per unit for producing 10 units or more and Rs 40 per unit for producing less than 10 units

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- **Worker A produces 11 Units; he gets Rs 550 (11 units x 50 per unit)**
- **Worker B produces 09 units; he gets Rs 360 (9 units x 40 per unit)**
- **This difference of Rs 190 will motivate B to perform better.**

Basis

Fayol

Taylor

Principles of Management

1. Nature of Research

- **He developed the theory of Functional management or Management process.**
- **He developed the concept of Scientific management.**

2. Concern

- **His principles are concerned with management efficiency.**
- **His principle and techniques are concerned with workers efficiency.**

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3. Level

- **He designed principles for top level of management.**
- **He designed principles for lower level of management.**

4. Focus

- **Improving overall administration by observing certain principles was his main focus.**
- **For him increasing productivity through work simplification was main focus.**

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5. Personality

- He developed the personality of a researcher and practitioner and was called as 'father of general management.
- He developed the personality of scientist and was called as 'father of scientific management

6. Major contribution

- His main contribution was to produce a systematic theory of management with the help of fourteen principles of general management.
- He provided a basis on accomplishment on production line with the help of scientific techniques and management.

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7. Human element

- He gave due emphasis to human elements by suggesting principles like equality, initiative, fair remuneration etc.
- He ignored the human element and emphasized more on increasing productivity.

8. Rigidity and flexibility

- His principles were flexible.
- He was rigid in his approach and he felt that there should be no deviation from fixed standards.

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9. Applicability

- **His principles are applicable to business as well as non-business organizations i.e. are applicable universally.**
- **His principles are applicable to production and manufacturing i.e. are applicable to specific situations.**

10. Unity of command

- **He strictly follow this principles i.e. one boss for one employee.**
- **He did not follow this principle instead he insisted on minimum eight bosses.**

Principles of Management

- **Mental Revolution:** It involves a complete change in mental outlook and attitude of workers and management towards one another from competition to cooperation. The management should create pleasant working conditions & workers should work with devotion and loyalty. Instead of fighting over distribution of profits, they must focus attention on increasing it

Basis	Time Study	Motion Study
1. Meaning	Time study is conducted to find out the standard time for performing a task.	Motion study is conducted to find out total movements of workers while they are performing the task.
2. Purpose	The purpose of time study is to find out standard time to fix a fair day's work for the workers.	The purpose of motion study is to eliminate wasteful and unproductive movements of workers to increase their efficiency level.
3. Method of conducting	It is conducted with the help of a stop watch.	It is conducted with the help of a movie camera which keeps eye on worker's movements.

COMPARISON BETWEEN TAYLOR AND FAYOL

Point of Difference	Taylor	Fayol
1. Concern	Taylor's techniques and principles are concerned with worker's efficiency.	Fayol's principles are concerned with management efficiency.
2. Level Perspective	Taylor started his studies and approach from lowest level in the organisation.	Fayol started his studies and approach from the highest level in the organisation.
3. Emphasis	Taylor laid great emphasis on standardisation of work.	Fayol laid great emphasis on functions of managers.
4. Focus	Taylor laid focus on eliminating wasteful movements and saving energy of workers. It forces on increase in productivity	Fayol's focus was on development of principles for better management. It focus on improving overall achieve station.

Point of Difference	Taylor	Fayol
5. Major contribution	Taylor's main contribution was development of scientific techniques and scientific principles.	Fayol's main contribution was development of fourteen principles of general management.
6. Personality	Taylor developed a personality of scientist and became famous as father of scientific management.	Fayol developed the personality of a researcher and practitioner. He became famous as father of general management.
7. Unity of Command	Did not follow this principle as Taylor insisted on minimum 8 bosses.	Strictly followed this principle i.e., only one boss for one employee.
8. Expression	Taylor's techniques are expressed as Scientific management.	Fayol's techniques are expressed as general theory of administration.
9. Applicability	Applicable to specialised situation.	Applicable universally

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What makes principles of management flexible?

- **Management principles are varied and not one rule can be applied for all cases. Thus, a manager has to assess the situation and then determine the best solution to the issue at hand. For this reason, management principles are flexible.**

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State the main objective of time study.

- **Time study was undertaken to determine a standard time that is required to complete a designated job. This time would then be set as the standard time for the job completion. The benefit of this process is that it will help employers to determine the number of resources required to complete a particular job and also determine their wages.**

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Name the principle that is an extension of the 'harmony, not discord'.

It is cooperation, not individualism which is the extension of the 'principle harmony, not discord'

Principles of Management

State any two causes of fatigue that may create hindrance in the employee's performance.

Causes of fatigue that creates hindrance in performance of employees are:

- 1. Not having cordial relationship with the people in superior positions**
- 2. Long working hours at the organisation**

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Sanaklal and Gagan started their career in Wales Limited (a printing press) after going through a rigorous recruitment process. Since they had no prior work experience, the firm decided to give them one year to prove themselves. Name the principle of management followed by Wales Limited.

Wales Limited followed the principle of 'Stability of Personnel'.

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Which technique is used by Taylor for distinguishing efficient and inefficient workers?

Taylor used the system of Differential Piece Wage System under which wages for workers was determined using a set standard. The workers who performed better were given higher wages than workers who performed below the standard.

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How is the principle of 'Unity of Command' useful to management? Explain briefly.

- **Unity of command is a principle of management that a person should be answerable to only one of his superiors. It states that if a person receives command from two or more people then this principle is violated. If such a principle is violated, it creates confusion for the employee which can lead to instability and disturbance in work flow. Therefore, to maintain a steady workflow and uninterrupted operations in the organisation, unity of command is essential for management.**

Principles of Management

Define Scientific Management. State any three of its principles.

- **Scientific management is a theory of management that was developed by Frederick Taylor in 1911. It is a classical theory of management which focused on ways of getting work done in the best way possible to increase efficiency and effectiveness in work. Scientific management is the use of tools and techniques and personnel specialised to carry out the task for achieving quality and cost reduction.**

Principles of Management

Here are three principles of scientific management

1. Science, not rule of thumb: In this principle Taylor laid emphasis on focusing on following management practices that are scientific in nature, and not deciding by rule of thumb. As per rule of thumb practice, managers will be assessing a situation and use trial and error to find a solution. Taylor suggested that instead of using such old methods, the approach to a situation should be scientific. Following such practice will result in a balanced result and improves efficiency and cost.

Principles of Management

- **Harmony, not Discord:** This principle states that there should be a harmonious work environment between the managers and workers. The more they are at good terms with each other, more will be the performance of the organisation. The workers should feel that they are a part of the organisation and their contributions are very much essential for the organisation to grow. Management shall respond to the needs of the workers and in a similar way, the workers should respond back by giving their best for the organisation. Taylor termed this as mental revolution and suggested that it will improve harmony and propel the resources to work towards common goals of the organisation.

Principles of Management

- **Cooperation, not individualism: As per this principle, the managers and workers should cooperate each other in completing the activities. The work standards should be jointly determined by them, it will increase the level of involvement and more productive results can be achieved.**

Principles of Management

- ❖ **If an organisation does not provide the right place for physical and human resources in an organisation, which principle is violated? What are the consequences of it?**
- **In such a situation the principle that is violated is the principle of order. It states that there should be right arrangement of resources. In other words, the right people at the right place and at the right time. Following this approach helps in carrying out the tasks effortlessly. Whenever that principle is violated it results in unnecessary delay at work and ensures chaos. Delay in completing work will result in loss for the company.**

Principles of Management

Explain any four points regarding significance of Principles of Management.

➤ **Principles of management have the following significance**

1. Management principles are based on years of observation and implementation into real life issues. Hence, these principles guide the managers in tackling real world problems easily.

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2. Management principles are based on logic rather than on beliefs. These principles are derived from real life situations and therefore are based on logic and reasoning. It helps managers in making decisions which are devoid of personal bias.

3. Principles are the foundation of management education. It helped this to grow as a discipline and such principles also offer basis on which further research programs can be carried out to develop new methods and techniques.

4. Management principles helps organisations to perform at the best of its capacity or in other words, ensures optimum utilisation of the available resources.

Principles of Management

Explain the principle of 'Scalar Chain' and gang plank.

Scalar chains can be defined as the formal chain of authority that follows a straight line from highest to lowest rank. It specifies the route through which information needs to be communicated to the designated authority.

Gang plank is an alternative route which is used in case of emergencies. Its main aim is to shorten the communication route. It facilitates communication with higher authorities directly surpassing the defined chains of hierarchy.

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A production manager at top level in a resulted corporate, Mr. Rathore holds the responsibility for ordering raw material for the firm. While deciding on the supplier for the financial year 2017-18, he gave the order to his cousin at a higher price per unit instead of the firm's usual supplier who was willing to lower the rates for the order. Which principle of management was violated by Mr. Rathore? What are the positive impacts of following the above identified principle?

In this case, Mr. Rathore has violated the principle of Subordination of individual interest to general interest. As per this principle an individual should put organisational goals on priority over any personal interest.

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The positive impacts of this principle are:

- 1. Harmony in working environment and a good office culture**
- 2. Increase in employee productivity**
- 3. Employees feel they are a part of the organisation**
- 4. Helps in achieving organisations goals**

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Long Answer Questions

Explain the Principles of Scientific management given by Taylor.

- **Scientific management is a theory of management that was developed by Frederick Taylor in 1911. It is a classical theory of management which focused on ways of getting work done in the best way possible to increase efficiency and effectiveness in work. Scientific management is the use of tools and techniques and personnel specialised to carry out the task for achieving quality and cost reduction.**

Principles of Management

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Principles of Management

2. Harmony, not Discord: This principle states that there should be a harmonious work environment between the managers and workers. The more they are at good terms with each other, more will be the performance of the organisation. The workers should feel that they are a part of the organisation and their contributions are very much essential for the organisation to grow. Management shall respond to the needs of the workers and in a similar way, the workers should respond back by giving their best for the organisation. Taylor termed this as mental revolution and suggested that it will improve harmony and propel the resources to work towards common goals of the organisation.

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3. Cooperation, not individualism: As per this principle, the managers and workers should cooperate each other in completing the activities. The work standards should be jointly determined by them, it will increase the level of involvement and more productive results can be achieved.

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4. Personnel Development: An organisation has to focus on developing its workers as well as the organisation itself. Developed or skilled workers will be in a better position to help an organisation grow. To increase competitiveness an organisation can announce incentives in order to build competitiveness among workers. Employees should be hired in a scientific manner which will put the best employee suited for a role as per the capability. Efficiency can be achieved with proper training to workers. In other words, a properly trained resource will develop himself as well as the organisation.

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2. Explain the following Principles of management given by Fayol with examples:

(a) Unity of direction

(b) Equity

(c) Esprit de corps

(d) Order

(e) Centralisation and decentralisation

(f) Initiative

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a. Unity of Direction: This principle states that each unit of the organisation should be working towards attaining a common business objective. It helps in avoiding work overlapping and also increases profitability. For example, a company producing two different products should have separate management for each.

b. Equity: This principle focuses on treating all the employees equally. The equality should be based on religion, caste, creed etc. It will promote harmony among the workers. For e.g.: Workers from different religions should be treated equally in a company.

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c. Esprit de corps: This principle states that employees in an organisation should work with each other and maintain unity. The team spirit is improved when all resources are working unitedly, and this feeling should be promoted by manager.

d. Order: There should be order in the work being done. The management should hire right people at right place and right time. Doing such things helps in carrying out the activities in a smooth manner. For e.g. if the user manual pages are arranged in a sequence, shuffling them will result in delay in production.

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e. Centralisation and Decentralisation: Centralisation is the concentration of power or authority in hands of selected people in an organisation. Whereas decentralisation is shifting the authority to middle and lower levels of management. For e.g. if CEO has all decision-making powers it is centralisation whereas if the decision-making power is distributed to managers of middle and lower levels then it is decentralisation.

f. Initiative: As per this principle, workers should be motivated and provided incentives. They should be encouraged to suggest points for improvement, it will make them take more initiatives for the development of organisation.

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Explain the technique of 'Functional Foremanship' and the concept of 'Mental Revolution' as enunciated by Taylor.

- **Functional foremanship is an extension to the principle of division of labour. It was suggested by Taylor. According to his observation, it is not possible for a single worker to be expert in every aspect of production, therefore he suggested that eight persons should be performing the duties of a foreman and therefore this came to be known as functional foremanship. Under this the following roles were present.**

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- 1. Instruction Card Clerk: Whose role is to give instructions to workers**
- 2. Route Clerk: His role was to specify the route of production**
- 3. Time and Cost Clerk: His role was to prepare the time and costs sheet**
- 4. Disciplinarian: His role was to maintain discipline in the production facility**

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The above four roles were working under the planning supervisor.

Now the other four persons who work under the production supervisor are:

- 1. Speed Boss: Responsible for timely completion of the designated job**
- 2. Gang Boss: Responsible to keep machines in a ready state for work**
- 3. Repair boss: Was responsible to keep machines and tools in proper working condition.**
- 4. Inspector: This person was responsible to maintain the quality of the work.**

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- **Mental revolution:** Mental revolution is the concept which revolves around bringing a change in the attitude of the workers and managers. It aims to improve the thinking of both in order to create a working environment that is conducive to both manager and worker. The basic premise of this concept is that both the worker and the manager should understand their importance in a organisation and both of them should work towards achieving a common goal for the organisation. Management should be taking care of the needs of its workers and periodically share the benefits in form of incentives or bonuses to keep them motivated. Workers in return should do their best in order to develop the organisation. Thus, we can say mental revolution is based on the mutual trust and cooperation among the managers and workers which can bring about great changes in an organisation.

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4. Discuss the following techniques of Scientific Work Study:

(a) Time Study

(b) Motion Study

(c) Fatigue Study

(d) Method Study

(e) Simplification and standardisation of work.

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(a) Time Study: This study determines the standard time which is required in order to perform a job. Multiple readings are taken to arrive at a standard time for a particular task. Based on that it following things can be determined

- 1. Number of workers required to perform the task**
- 2. Determine the costs associated with hiring such workers (i.e. wages)**

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(b) Motion Study: This study was based on movements that needed to be taken while performing a task. The purpose of this study is to eliminate unwanted movements in order to complete a task in a shorter time. For this study Taylor along with his assistant Frank Gilbreth studied the movements of a worker and then categorised the same into three classes productive, incidental and unproductive. The purpose was to eliminate the unproductive employee and reduce instances of incidental workers.

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(c) Fatigue Study: Fatigue study was for determining the amount and frequency of rest taken during the completion of a designated task. A worker without rest will be unable to perform to his full capacity. Fatigue is detrimental to productivity hence this study is conducted to understand the standard intervals of break that help a worker regain the energy to carry on working with same efficiency.

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(d) Method Study: The objective of this study is to find the best method of completing a particular work. It takes into consideration all the activities involved in the completion of a task. By determining the best method lower costs can be incurred along with more productivity.

(e) Standardisation and Simplification of Work:
Standardisation is based on the scientific management techniques. It is the setting of standards or benchmarks for any activity. The purpose of standardisation is to improve the quality of work and attain excellence. It also determines standards of performance for both man and machines.

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- **Simplification is all about eliminating the diversity in the products that are unnecessary and utilizing the best of the resources, reducing the inventories and increasing turnover of the organisation. In addition to reducing labour and machine cost. Simplification helps in optimum uses of the resources and removes unnecessary costs for the organisation.**

Principles of Management

Discuss the differences between the contributions of Taylor and Fayol.

Basis of Comparison

	Taylor's Contributions	Fayol's Contributions
Contribution	It was conceptualised by Frederick Taylor in 1911.	It was conceptualised by Henry Fayol in 1916

Concept Scientific theory of management It is a general theory of administration

Principles of Management

**Personality Taylor was a practicing mechanical engineer
Fayol was working as a mining engineer.**

Principles and Techniques Techniques like functional foremanship and scientific management were introduced along with the different studies such as motion study, time study etc. were introduced by Taylor Principles of management such as equity, esprit de corps etc were introduced by Henry Fayol in his theory of 14 principles of management

Application of Principles Principles suggested by Taylor are applicable in specialised situations Principles suggested by Fayol are universal in their applicability

Principles of Management

Emphasis and Focus Emphasis was on low level management Emphasis was on top level management

Approach The approach is that of an engineer The approach is that of a manager

Swipe left

Principles of Management

Discuss the relevance of Taylor and Fayol's contribution in the contemporary business environment.

- **Principles of both Fayol and Taylor play a significant role in contemporary business environment. These principles provide a guideline to managers for making decisions and taking appropriate actions. Business situations can be best understood with the application of these principles. Such principles are not used as it is described but managers can take guidance from these and determine how to confront a situation. It can be used in various scenarios and the decisions which are taken by managers will be backed by facts and logic which makes it more applicable. By providing insight into real word business cases they help managers in decision making. As these principles have industry wide applicability and being based on human behaviour provides insight between human and material resources. It helps in development of an organisation by improving effectiveness and efficiency with minimum use of resources and cost.**

Principles of Management

‘Bhasin’ limited was engaged in the business of food processing and selling its products under a popular brand. Lately the business was expanding due to good quality and reasonable prices. Also with more people working the market for processed food was increasing. New players were also coming to cash in on the new trend. In order to keep its market share in the short run the company directed its existing workforce to work overtime. But this resulted in many problems. Due to increased pressure of work the efficiency of the workers declined.

Principles of Management

Sometimes the subordinates had to work for more than one superior resulting in declining efficiency. The divisions that were previously working on one product were also made to work on two or more products. This resulted in a lot of overlapping and wastage. The workers were becoming undisciplined. The spirit of teamwork, which had characterised the company, previously was beginning to wane. Workers were feeling cheated and initiative was declining. The quality of the products was beginning to decline and market share was on the verge of decrease.

Actually the company had implemented changes without creating the required infrastructure.

Principles of Management

- a. Identify the Principles of Management (out of 14 given by Henry Fayol) that were being violated by the company.**
- b. Explain these principles in brief.**
- c. What steps should the company management take in relation to the above principles to restore the company to its past glory?**

Principles of Management

1. Following principles of management were violated:

- i. Unity of Command (employees working under more than one superior)**
- ii. Division of Work (employees made to work on more than one product)**
- iii. Discipline (workers not following discipline)**
- iv. Esprit de corps (workers lacked spirit of team work)**
- v. Initiative (workers were not feeling like taking initiative)**

Principles of Management

2. The principles are described below

- a. Unity of command: The workers should be reporting to only one superior. Employee receiving orders from more than one superior will result in confusion and affect work.**
- b. Division of work: Employees should be given specialised tasks so that it will be completed effectively and efficiently.**
- c. Discipline: Organisation should be following rules and regulations and it should be followed by both worker and management.**

Principles of Management

d. Esprit de corps: The team work motive should be developed among employees. It will improve productivity.

e. Initiative: Motivation and incentive should be provided to workers and they should be encouraged to provide suggestions for improvement.

Principles of Management

Steps which can be taken by company are:

- I. Scientific management should be applied.**
- II. Only one superior should be there to provide instruction to subordinates in order for smooth functioning.**
- III. Individuals must be assigned tasks as per their specialisation. It increases productivity.**
- IV. Motivation and proper incentives should be provided to workers**
- V. Team work and coordination among workers should be promoted for organisational development.**

Principles of Management

- **(Further information related to the above question 7) The management of company 'Bhasin Limited now realised its folly. In order to rectify the situation, it appointed a management consultant 'Mukti Consultants- to recommend a restructure plan to bring the company back on the rails. 'Mukti Consultants undertook a study of the production process at the plant of the company Bhasin Limited and recommended the following changes –**

Principles of Management

- **The company should introduce scientific management with regard to production.**
- **Production Planning including routing, scheduling, dispatching and feedback should be implemented.**
- **In order to separate planning from operational management 'Functional foremanship' should be introduced.**
- **'Work study' should be undertaken to optimise the use of resources.**
- **'Standardisation' of all activities should be implemented to increase efficiency and accountability.**
- **To motivate the workers 'Differential Piece Rate System' should be implemented.**

Principles of Management

- **(The above changes should be introduced apart from the steps recommended as an answer to Part c – case problem 7 above.).**

Principles of Management

It was expected that the changes will bring about a radical transformation in the working of the company and it will regain its pristine glory.

a. Do you think that introduction of scientific management as recommended by Mukti consultants will result in intended outcome?

b. What precautions should the company undertake to implement the changes?

c. Give your answer with regard to each technique separately as enunciated in points 1 through 6 in the case problem.

Principles of Management

Yes, as suggested by the new management consultant i.e. Mukti Consultants scientific management techniques will be helpful for the organisation. It will improve the quality and quantity of the product with reduction in costs.

Principles of Management

Following precaution need to be taken:

- a. Specialised staff having training should be recruited and existing staff can be further trained.**
- b. Production planning should be undertaken with in a systematic way**
- c. Functional foremanship should be introduced with proper incentive and motivation for the employees.**
- d. Different other methods should be introduced apart from work study. It can be motion study, method study, time and fatigue study.**

Principles of Management

- e. Standardisation techniques can be used in case of different aspects of production**
- f. Employees can be offered monetary incentives so that they work more efficiently.**

Principles of Management

What is Principle?

- **It reflects to a statement that reflects the fundamental verity about some factor based on cause and effect kinship.**

Management principles – It is a statement of truth, they act as a guide to thought and actions to the managerial decision actions and their execution.