

# PRINCIPLES OF MANAGEMENT

*(IT / HS / B / T / 422)*



**02-Feb 2023 , 03 –Feb 2023**

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# Focus Areas

- Concepts of Management
- Development of Scientific Management
- Principles of Frederick Taylor & Henry Fayol
- Functions such as
  - Planning
  - Organizing
  - Staffing
  - Leading,
  - Motivating
  - Communicating
  - Controlling
  - Decision making
  - Span of control.

## Why should we study management?

- Most important human activities is managing.
- Evolved when human *began to work in a group*.
- *Purpose is to promote excellence among people* in organizations, especially among managers, aspiring managers and other professionals.
- **Universality of Management**
- **Reality of Work**
- **Learn to Manage other people**
- **Reality and Challenges of being a Manager**



## What is Management ?

**According to Koontz and Weihrich** "Management is the process of designing and maintaining an environment in which individuals, working together in groups, effectively accomplish selected aims“.

**According to F.W. Taylor,** "Management is the art of knowing what you want to do and then seeing that it is done in the best cheapest way".

**According to Henry Fayol,** "To manage is to forecast and plan, organize, to command, to co-ordinate and to control“.

**In general, management is a process of effective accomplishment of tasks through others.**

- Management involves *coordinating and overseeing* the work activities of others so that their activities are completed efficiently and effectively.
- Involves *planning, organizing, staffing, leading, controlling etc*

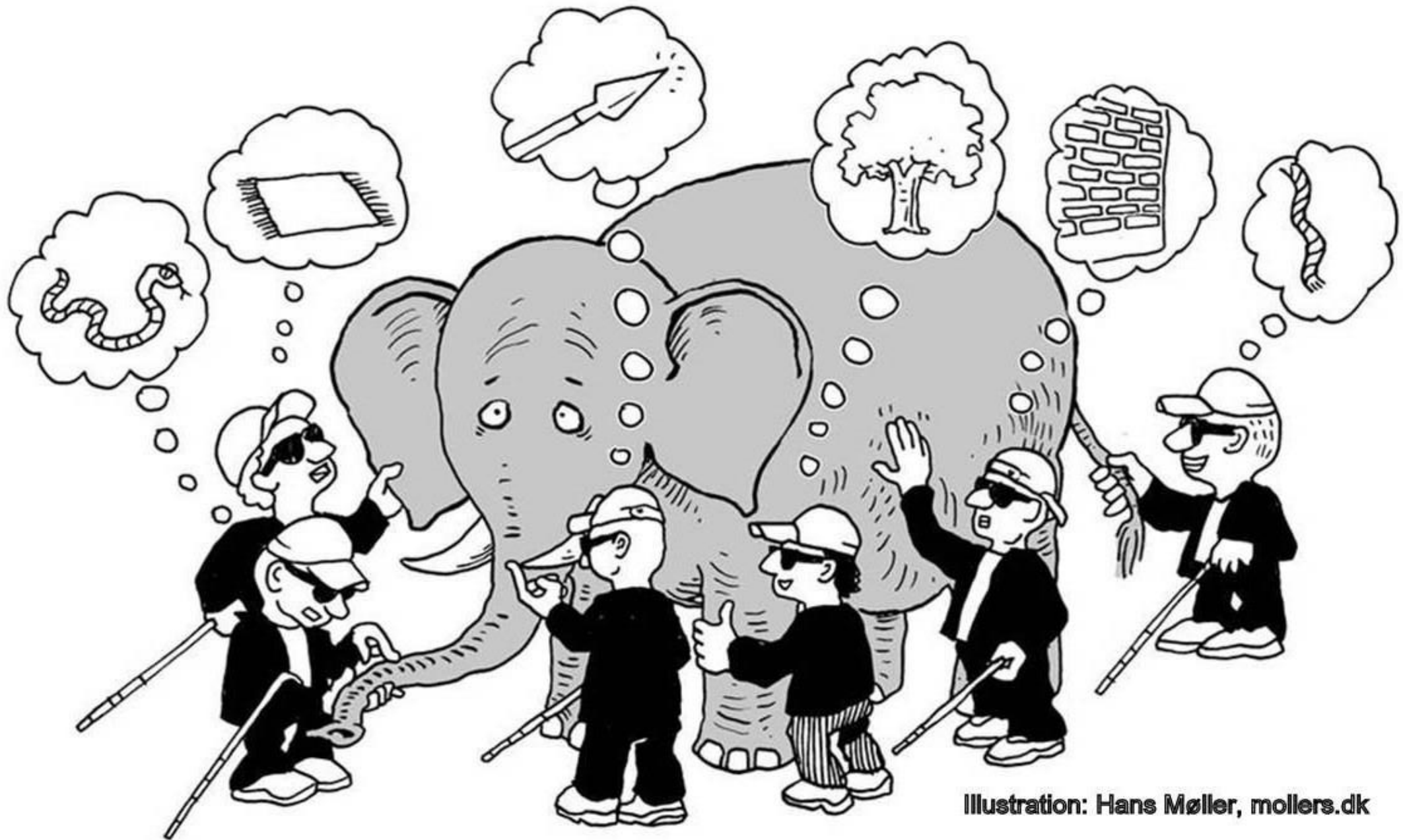


## History of Management:

- History *helps to understand* the present theories and practices, helps what has worked and what has not worked?
- Consider the great construction in past days.
- Management has been practiced a long time.
- The construction of a single pyramid took **20 years and involved more than 1,00,000 workers.**
- Who told each worker what to do? Who ensured that there are enough stones at the site to keep everyone busy? **Managers**
- Similarly consider **Great wall of China, Madurai temple, Tanjore temple, Qutub – Minar, etc.**
- **6 Blind Men Story .**



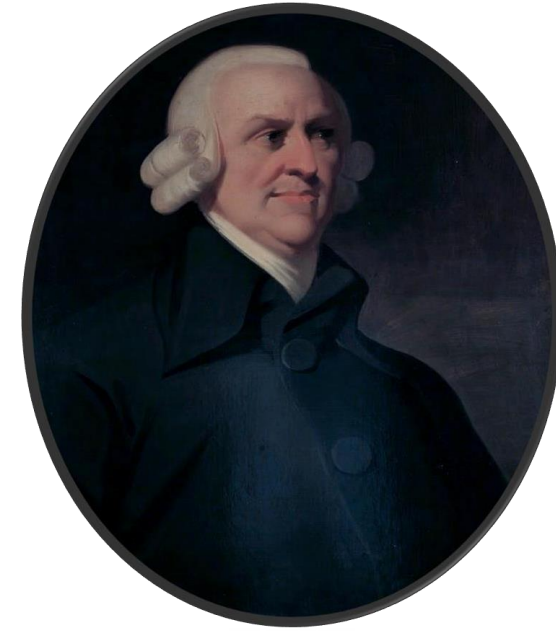




- Two events are especially significant to management history.

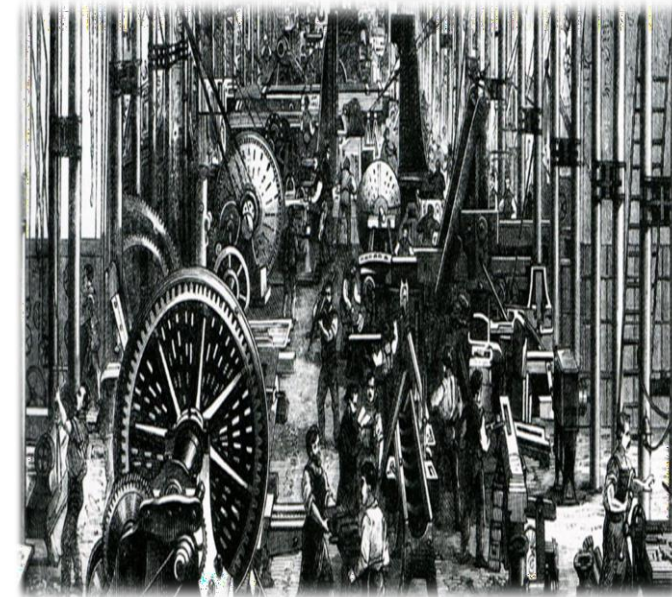
### 1. Division of labours:

- In 1776, Adam Smith published „*The Wealth of Nations*“, in which he argued the economic advantages that organization and society would gain from the *division of labor*.
- Defined as *breakdown of jobs in to narrow and repetitive tasks*.
- Enhancing the individual's skill and dexterity, saving time.



### 2. Industrial revolution:

- In the late *eighteenth century* when *machine power substituted human power*, it became the more *economical* to manufacture goods in factories than at home.
- Requires someone to *forecast and handle the entire task*.  
That someone are called as *managers*.





## Pig Iron experiment:

- Taylor worked at the *Midvale and Bethlehem Steel companies* in Pennsylvania.
- He was continually appalled by worker's inefficiency. Taylor believed that worker output was only about one-third of what was possible.
- Workers loaded "pigs of iron (each weighing 92 pounds) onto rail cars.
- Their daily **average output was 12.5 tons**, but Taylor believed that it can be increased up to **47 or 48 tons**.
- Taylor began his experiment by looking for a physically strong subject who placed a high value on the dollar.
- Taylor offered the person \$ **1.85** a day which is \$ 0.70 more than other workers.
- Using money to motivate Schmidt, Taylor asked him to load the pig irons, alternating various job factors to see what impact the changes had on Schmidt's daily output.



## Pig Iron experiment:

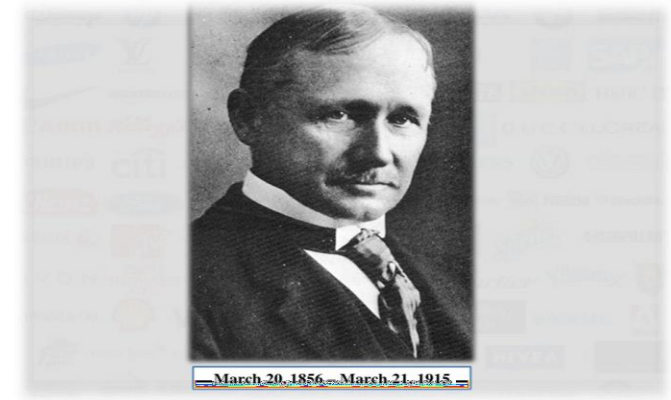
- By following the instructions, motivating and allocating optimistic man power, Taylor was able to reach his **48-ton objective**.



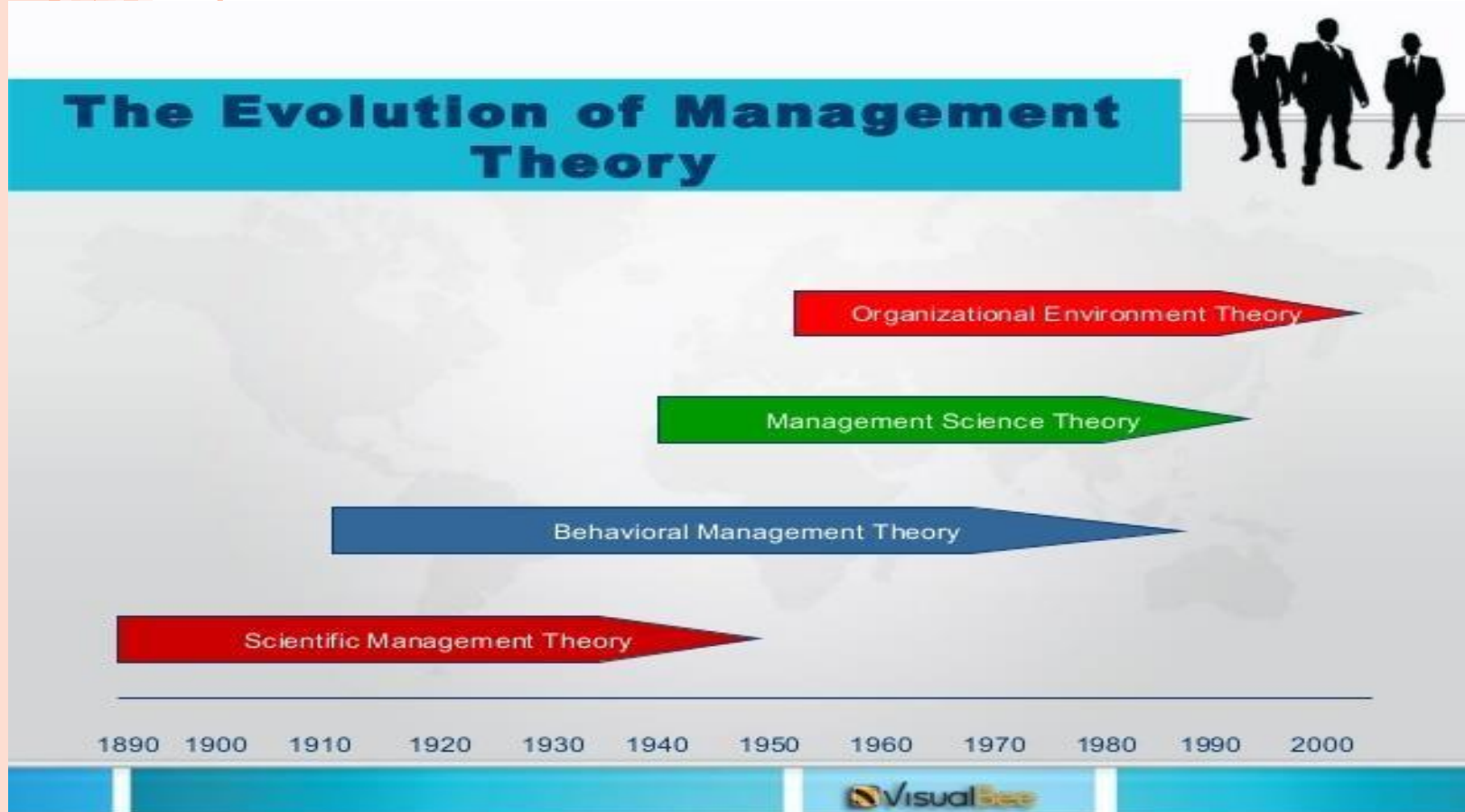


## Scientific management:

- With the Pig Iron Experiment Taylor concluded that the following principles would result in prosperity for both workers and managers.
- Modern management can be predicted to be born on 1911, when F.W. Taylor (the father of scientific management) published **“Principles of Scientific Management”**.
- The contents were widely accepted by managers across the world.
- An approach that involve using the scientific method to determine the “one best way” for a job to be done.
- Scientific Management means knowing exactly what you want your employees to do and seeing that they do it in the best and cheapest way



# EVOLUTION OF MANAGEMENT – SCIENTIFIC MANAGEMENT



# Taylor's Scientific Principles of Management



- 1. Science , Not Thumb Rule –**
- 2. Scientific Selection, Training & Development of Workers**
- 3. Harmony not discord**
- 4. Division of Responsibility**
- 5. Mental Revolution**
- 6. Maximum Prosperity for Employer & Employees**



# 1. Science , Not Thumb Rule

- **Development of Science for each part of men's job (replacement of rule of thumb)**
- This principle suggests that work assigned to any employee should be observed, analyzed with respect to each and every element and part and time involved in it.
- This means replacement of odd rule of thumb by the use of method of enquiry, investigation, data collection, analysis and framing of rules.
- Under scientific management, decisions are made on the basis of facts and by the application of scientific decisions.

## 2. Scientific Selection, Training & Development of Workers

- There should be scientifically designed procedure for the selection of workers.
- Physical, mental & other requirement should be specified for each and every job.
- Workers should be selected & trained to make them fit for the job.
- The management has to provide opportunities for development of workers having better capabilities.
- According to Taylor efforts should be made to develop each employee to his greatest level and efficiency & prosperity.

### 3. Harmony not discord

- **Co-operation between Management & workers or Harmony not discord**
- Taylor believed in co-operation and not individualism.
- It is only through co-operation that the goals of the enterprise can be achieved efficiently.
- There should be no conflict between managers & workers.
- Taylor believed that interest of employer & employees should be fully harmonized so as to secure mutually understanding relations between them.



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## 4. Division of Responsibility

- This principle determines the concrete nature of roles to be played by different level of managers & workers.
- The management should assume the responsibility of planning the work whereas workers should be concerned with execution of task.
- Thus planning is to be separated from execution.

## 5. Mental Revolution

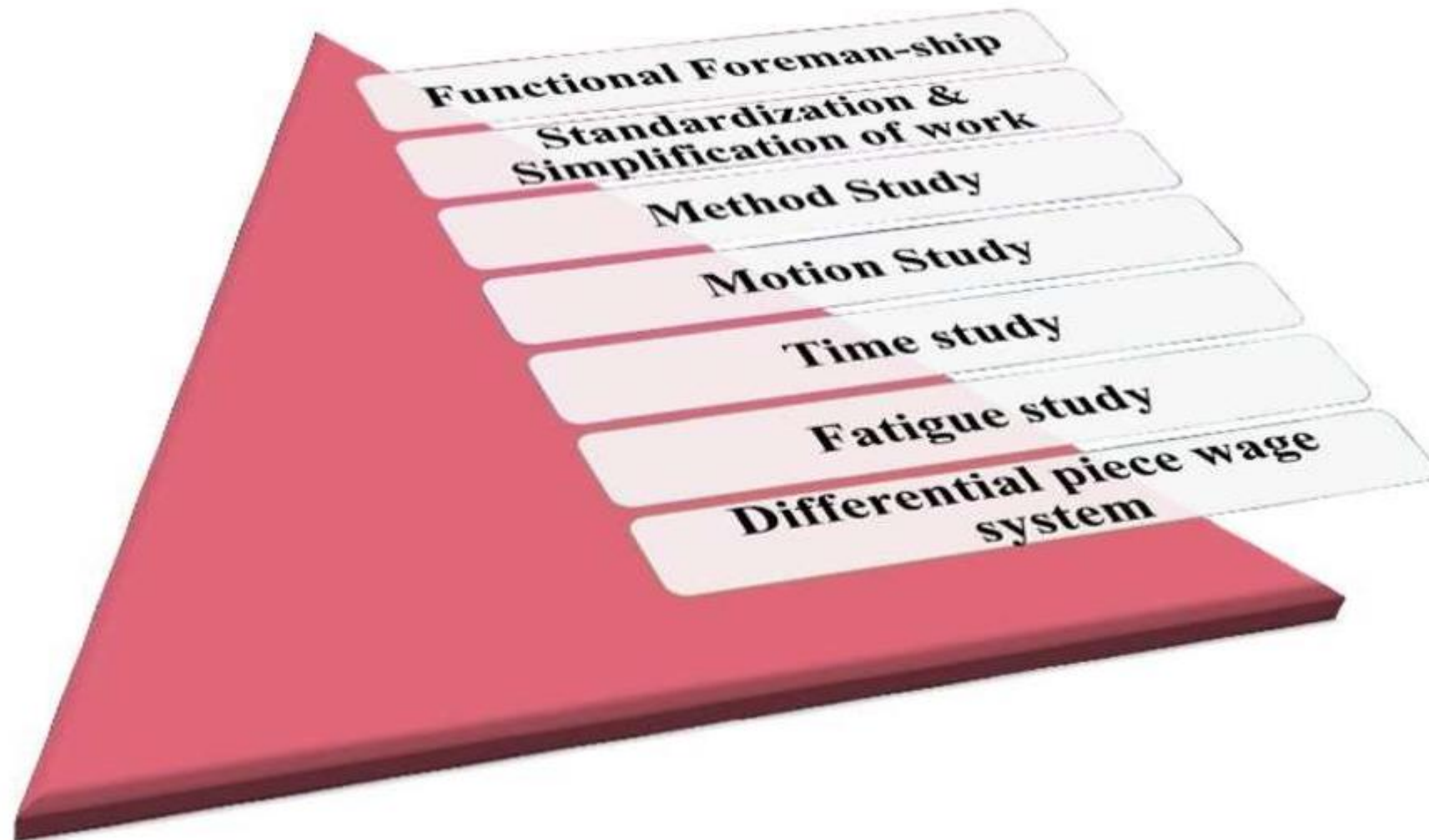
- The workers and managers should have a complete change of outlook towards their mutual relation and work effort.
- It requires that management should create suitable working condition and solve all problems scientifically.
- Similarly workers should attend their jobs with utmost attention, devotion and carefulness. They should not waste the resources of enterprise.
- Handsome remuneration should be provided to workers to boost up their moral.
- It will create a sense of belongingness among worker.
- They will be disciplined, loyal and sincere in fulfilling the task assigned to them.
- There will be more production and economical growth at a faster rate.



## 6. Maximum Prosperity for Employer & Employees

- The aim of scientific management is to see maximum prosperity for employer and employees.
- It is important only when there is opportunity for each worker to attain his highest efficiency.
- Maximum output & optimum utilization of resources will bring higher profits for the employer & better wages for the workers.
- There should be maximum output in place of restricted output.
- Both managers & workers should be paid handsomely.

# Techniques of Scientific Management



# Time Study

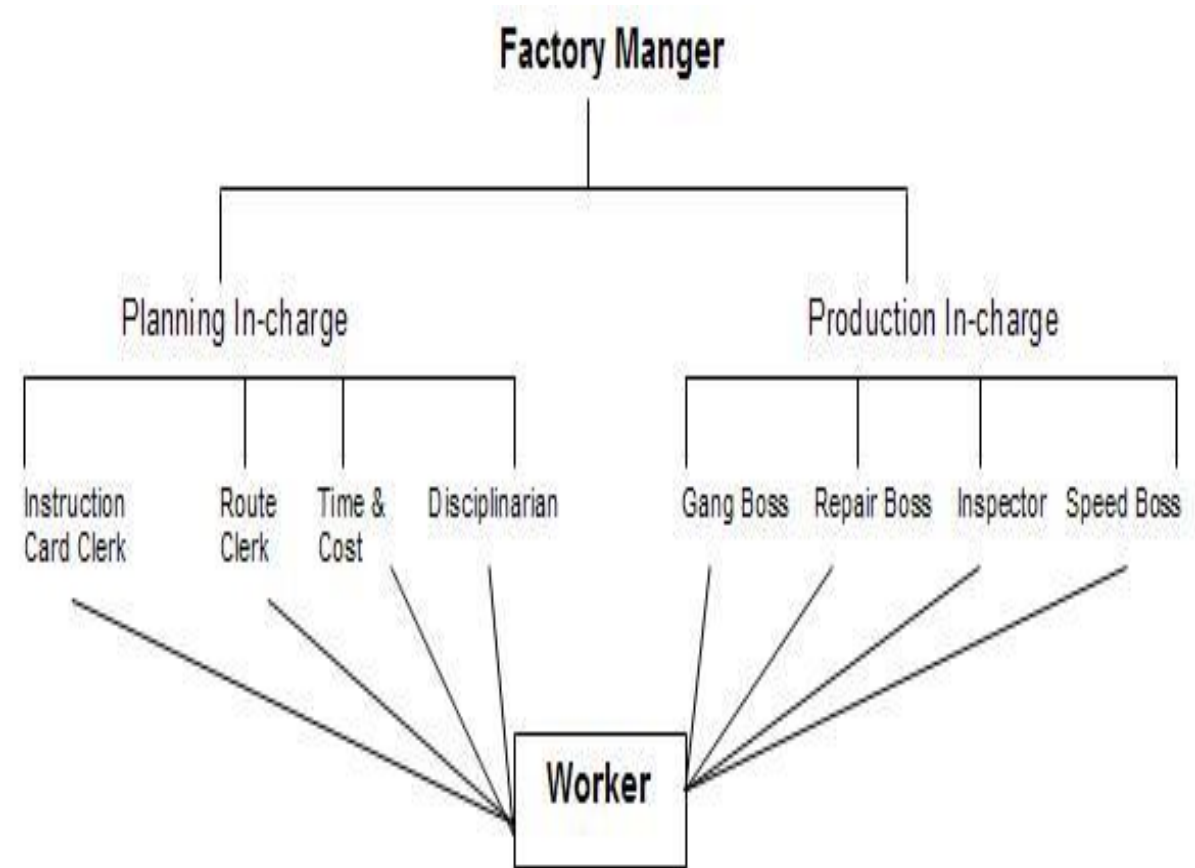
- It is a technique which enables the manager to ascertain standard time taken for performing a specified job.
- Every job or every part of it is studied in detail.
- This technique is based on the study of an average worker having reasonable skill and ability.
- Average worker is selected and assigned the job and then with the help of a stop watch, time is ascertained for performing that particular job.
- Taylor maintained that Fair day's work should be determined through observations, experiment and analysis by keeping in view an average worker.
- $\text{Standard Time} \times \text{Working Hours} = \text{Fair Day's Work}$

# Motion Study

- In this study, movement of body and limbs required to perform a job are closely observed.
- In other words, it refers to the study of movement of an operator on machine involved in a particular task.
- The purpose of motion study is to eliminate useless motions and determine the best way of doing the job.
- By undertaking motion study an attempt is made to know whether some elements of a job can be eliminated combined or their sequence can be changed to achieve necessary rhythm.
- Motion study increases the efficiency and productivity of workers by cutting down all wasteful motions.

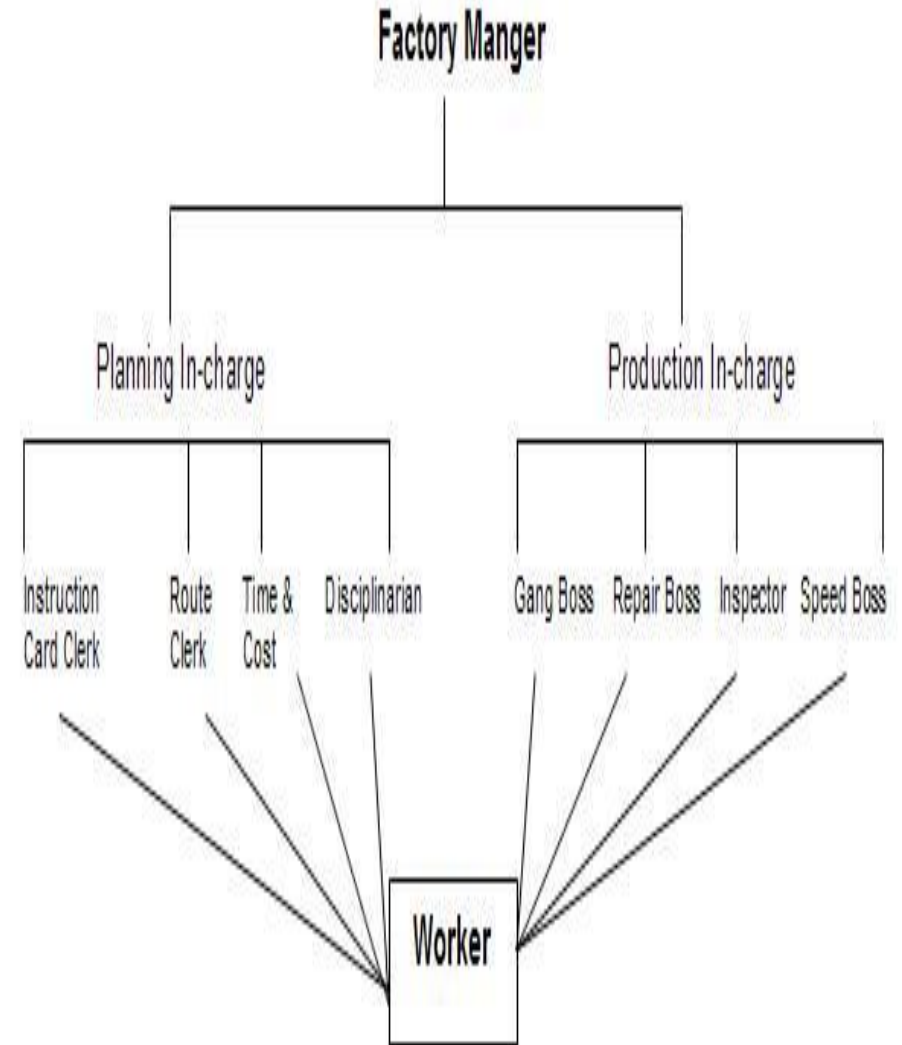
## • **Functional Foremanship**

- Taylor advocated functional foremanship for achieving ultimate specification.
- This technique was developed to improve the quality of work as single supervisor may not be an expert in all the aspects of the work.
- Therefore workers are to be supervised by specialist foreman.
- The scheme of functional foremanship is an extension of principle of specialization at the supervisory level.
- Taylor advocated appointment of 8 foremen, 4 at the planning level & other 4 at implementation level.



## • Functional Foremanship

- **Instruction card clerk** concerned with tagging down of instructions according to which workers are required to perform their job
- **Time & cost clerk** is concerned with setting a time table for doing a job & specifying the material and labour cost involved in it.
- **Route clerk** determines the route through which raw materials has to be passed.
- **Shop Disciplinarians** are concerned with making rules and regulations to ensure discipline in the organization.
- **Gang boss** makes the arrangement of workers, machines, tools, workers etc.
- **Speed boss** concerned with maintaining the speed and to remove delays in the production process.
- **Repair boss** concerned with maintenance of machine, tools and equipment's.
- **Inspector** is concerned with maintaining the quality of product.



- **Standardization**

- It implies the physical attitude of products should be such that it meets the requirements & needs of customers.
- Taylor advocated that tools & equipments as well as working conditions should be standardized to achieve standard output from workers.
- Standardization is a means of achieving economics of production.
- It seems to ensure -
  - The line of product is restricted to predetermined type, form, design, size, weight, quality. etc
  - There is manufacture of identical parts and components.
  - Quality & standards have been maintained.
  - Standard of performance are established for workers at all levels.

- **Differential Piece Wage Plan**

- This tech of wage payment is based on efficiency of worker.
- The efficient workers are paid more wages than inefficient one.
- On the other hand, those workers who produce less than standard no. of pieces are paid wages at lower rate than prevailing rate i.e. worker is penalized for his inefficiency.
- This system is a source of incentive to workers who improving their efficiency in order to get more wages.
- It also encourages inefficient workers to improve their performance and achieve their standards.
- It leads to mass production which minimizes cost and maximizes profits.



## General Administrative theory:

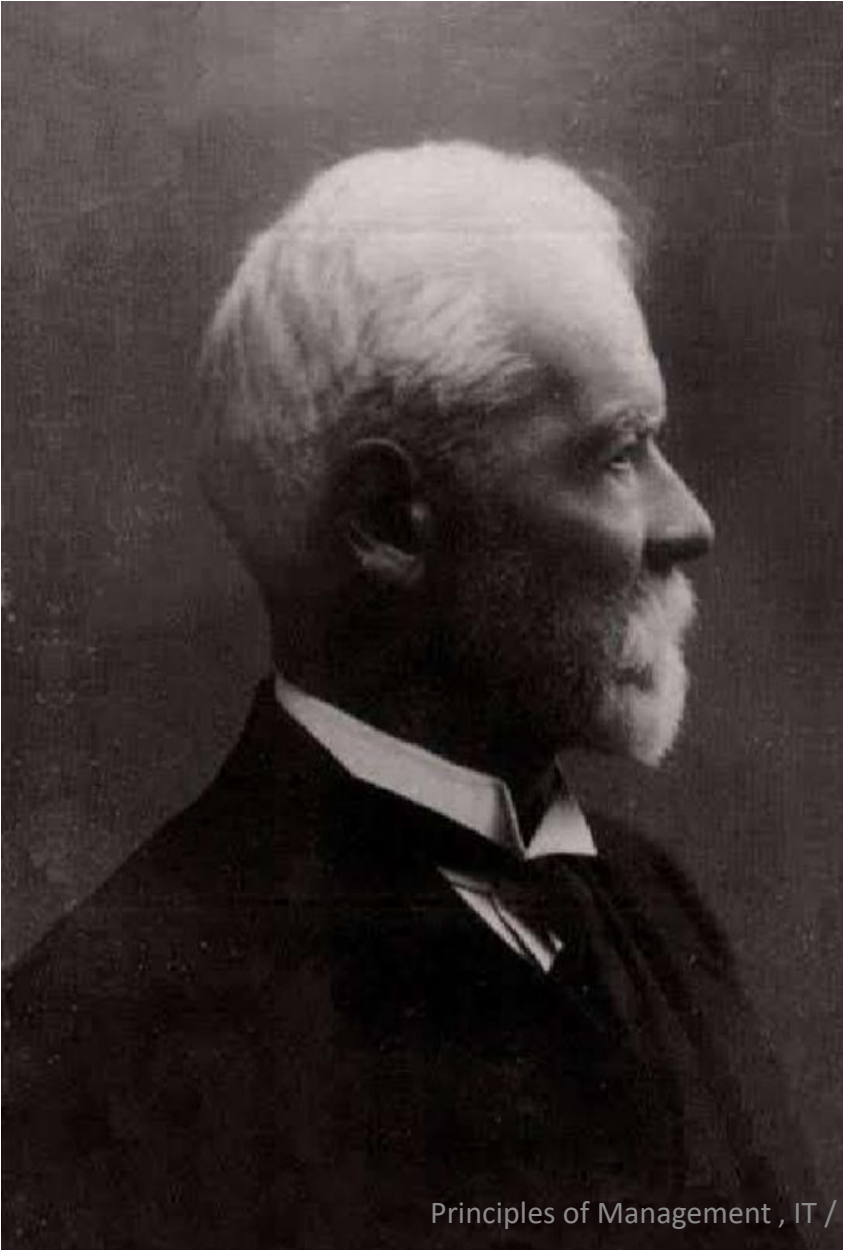
- Focused more on *what managers do* what constituted good management practice.
- *Henry Fayol and Max Weber* are the most prominent behind this general administrative theory.



### Henry Fayol's contribution:

- Taylor focused on bottom level / first line managers, whereas Fayol focused on all levels of managers.
- He believed that *management is the activity common* for all business endeavors.
- He was pioneer of the formal education in management.

# Henry Fayol's 14 principles (1916):



- ***Division of work*** – specialization.
- ***Authority*** – authority and responsibility are two sides of a coin.
- ***Discipline*** – sincerity towards higher authority order.
- ***Unity of command*** – single boss.
- ***Unity of direction*** – single plan of action.
- ***Subordination of individual interests to general interests***
- ***Remuneration*** – deserving pay / wages.
- ***Centralization*** – degree of centralization.
- ***Scalar chain*** – rank /line of authority.
- ***Order*** – people and material should be at right time.
- ***Equity*** – should be no discrimination.
- ***Stability of tenure of personnel*** – man power.
- ***Initiative*** – opportunities.
- ***Esprit de corps*** – promoting team spirit and unity.

# 1. Division of work

- Henri Fayol has stressed on the specialization of jobs.
- He recommended that work of all kinds must be divided & subdivided and allotted to various persons according to their expertise in a particular area.
- Subdivision of work makes it simpler and results in efficiency.
- It also helps the individual in acquiring speed, accuracy in his performance.
- Specialization leads to efficiency & economy in spheres of business.



## 2. Authority and Responsibility

- Authority & responsibility are co-existing.
- If authority is given to a person, he should also be made responsible.
- In a same way, if anyone is made responsible for any job, he should also have concerned authority.
- Authority refers to the right of superiors to get exactness from their subordinates whereas responsibility means obligation for the performance of the job assigned.
- There should be a balance between the two i.e. they must go hand in hand.
- Authority without responsibility leads to irresponsible behavior whereas responsibility without authority makes the person ineffective.



### 3. Discipline

- According to Fayol, “Discipline means sincerity, obedience, respect of authority & observance of rules and regulations of the enterprise”.
- This principle applies that subordinate should respect their superiors and obey their order.
- It is an important requisite for smooth running of the enterprise.
- Discipline is not only required on path of subordinates but also on the part of management.
- Discipline can be enforced if -
  - There are good superiors at all levels.
  - There are clear & fair agreements with workers.
  - Sanctions (punishments) are judiciously applied.





# 4. Unity of Command

- A sub-ordinate should receive orders and be accountable to one and only one boss at a time.
- In other words, a sub-ordinate should not receive instructions from more than one person because -
  - It undermines authority
  - Weakens discipline
  - Divides loyalty
  - Creates confusion
  - Delays and chaos
  - Escaping responsibilities
  - Duplication of work
  - Overlapping of efforts
- Therefore, dual sub-ordination should be avoided unless and until it is absolutely essential.
- Unity of command provides the enterprise a disciplined, stable & orderly existence.
- It creates harmonious relationship between superiors and sub-ordinates.





## 5. Unity of Direction

- Fayol advocates one head one plan which means that there should be one plan for a group of activities having similar objectives.
- Related activities should be grouped together. There should be one plan of action for them and they should be under the charge of a particular manager.
- According to this principle, efforts of all the members of the organization should be directed towards common goal.
- Without unity of direction, unity of action cannot be achieved.
- In fact, unity of command is not possible without unity of direction.



## 6. Subordination of Individuals Interest to General Interest

- An organization is much bigger than the individual it constitutes therefore interest of the undertaking should prevail in all circumstances.
- As far as possible, reconciliation should be achieved between individual and group interests.
- But in case of conflict, individual must sacrifice for bigger interests.
- In order to achieve this attitude, it is essential that -
  - Employees should be honest & sincere.
  - Proper & regular supervision of work.
  - Reconciliation of mutual differences and clashes by mutual agreement. For example, for change of location of plant, for change of profit sharing ratio, etc.



# 7. Remuneration to Employees

- The quantum and method of remuneration to be paid to the workers should be fair, reasonable, satisfactory & rewarding of the efforts.
- As far as possible it should accord satisfaction to both employer and the employees.
- Wages should be determined on the basis of cost of living, work assigned, financial position of the business, wage rate prevailing etc.
- Logical & appropriate wage rates and methods of their payment reduce tension & differences between workers & management creates harmonious relationship and pleasing atmosphere of work.
- Fayol also recommended provision of other benefits such as free education, medical & residential facilities to workers.



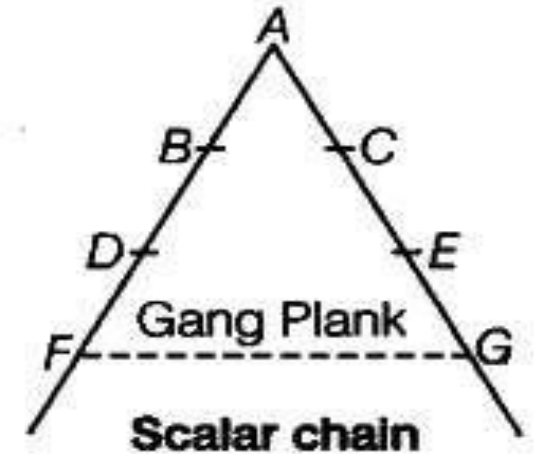
# 8. Centralization and Decentralization

- Centralization means concentration of authority at the top level. In other words, centralization is a situation in which top management retains most of the decision making authority.
- Decentralization means disposal of decision making authority to all the levels of the organization. In other words, sharing authority downwards is decentralization.
- According to Fayol, “Degree of centralization or decentralization depends on no. of factors like size of business, experience of superiors, dependability & ability of subordinates etc.
- Anything which increases the role of subordinate is decentralization & anything which decreases it is centralization.
- Fayol suggested that absolute centralization or decentralization is not feasible. An organization should strike to achieve a lot between the two.



# 9. Principle of Scalar Chain

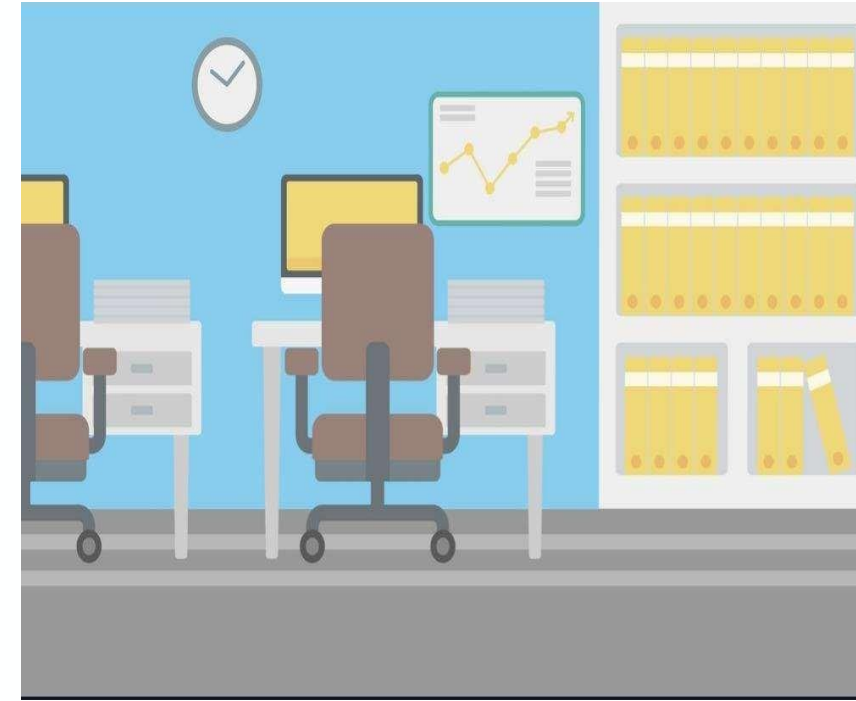
- Fayol defines scalar chain as 'The chain of superiors ranging from the ultimate authority to the lowest'.
- Every orders, instructions, messages, requests, explanation etc. has to pass through Scalar chain.
- But, for the sake of convenience & urgency, this path can be cut short and this short cut is known as Gang Plank.
- A Gang Plank is a temporary arrangement between two different points to facilitate quick & easy communication





# 10. Principle of Order

- This principle is concerned with proper & systematic arrangement of things and people.
- Arrangement of things is called material order and placement of people is called social order.
- **Material order**- There should be safe, appropriate and specific place for every article and every place to be effectively used for specific activity and commodity.
- **Social order**- Selection and appointment of most suitable person on the suitable job.
- There should be a specific place for every one and everyone should have a specific place so that they can easily be contacted whenever need arises





# 11. Principle of Equity

- Equity means combination of fairness, kindness & justice.
- The employees should be treated with kindness & equity if devotion is expected of them.
- It implies that managers should be fair and impartial while dealing with the subordinates.
- They should give similar treatment to people of similar position.
- They should not discriminate with respect to age, caste, sex, religion, relation etc.
- Equity is essential to create and maintain cordial relations between the managers and sub-ordinate.
- But equity does not mean total absence of harshness.
- Fayol was of opinion that, “at times force and harshness might become necessary for the sake of equity”.



# 12. Stability of Personnel

- Fayol emphasized that employees should not be moved frequently from one job position to another i.e. the period of service in a job should be fixed.
- Therefore employees should be appointed after keeping in view principles of recruitment & selection but once they are appointed their services should be served.
- According to Fayol. *“Time is required for an employee to get used to a new work & succeed to doing it well but if he is removed before that he will not be able to render worthwhile services”*.
- As a result, the time, effort and money spent on training the worker will go waste.
- Stability of job creates team spirit and a sense of belongingness among workers which ultimately increase the quality as well as quantity of work.



# 13. Initiative

- Workers should be encouraged to take initiative in the work assigned to them.
- It means eagerness to initiate actions without being asked to do so.
- Fayol advised that management should provide opportunity to its employees to suggest ideas, experiences & new method of work.
- It helps in developing an atmosphere of trust and understanding.
- People then enjoy working in the organization because it adds to their zeal and energy.
- To suggest improvement in formulation & implementation of place.
- They can be encouraged with the help of monetary & non-monetary incentives.



# 14. *Esprit de corps*

- It refers to team spirit i.e. harmony in the work groups and mutual understanding among the members.
- Spirit De' Corps inspires workers to work harder.
- Fayol cautioned the managers against dividing the employees into competing groups because it might damage the moral of the workers and interest of the undertaking in the long run.



## **QUESTIONS BASED ON OUR UNDERSTANDING**



## **Question 1 :**

Rajeev is a middle level manager. He keeps all his subordinates under a lot of discipline. His employees however complain of wastage of time and efforts as they feel that nothing is being assigned in a proper way and a proper place, also no proper schedule is made for working. Which principle of management is violated here?

## **Question 2:**

Rajesh wants to become an ideal manager. For this he reads many management books. After reading various broad and general guidelines he prepares to apply them and make his work more meaningful. The necessary outcome will be his improved output. Which concept of management has been highlighted here?



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Answer: The principle of management which is violated here is the Fayol's principle of 'order'. Fayol's principle of order says that everything has a place and everything should be at its place.

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Answer: The concept of management which is highlighted here is 'principles of management'. Management principles are the broad and general guidelines which help employees in behavior and decision making. .

**Question 3:** “Pakka” employment is a company which takes care of the fact that the confidence of the employees should always be at its peak. For this reason they give surety to their employees for employment for a minimum fixed tenure of time. Which principle of management is followed here?

**Question 4:** A floor manager of a Mall is very capable as he utilizes all the functions of management. He lays stress on developing mutual trust and spirit of cooperation amongst the employees. Under his guidance the employees admit that they learn a lot and are able to meet their targets. This has led to increase in their salaries. Identify the principle of Fayol followed by the floor manager in the above case.

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**Answer:** The principle of management which is followed here is ‘stability of personnel

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**Answer:** Esprit De Corps

**Question 5:** The plant superintendent of a company is very sad. When he was on leave he was expecting his subordinates to take the remaining work to the finish. However he finds a new way of dealing with this problem. He develops a system of suggestion building from the side of workers. For this a suggestion/complain box is to be kept where the workers can drop their advice and hence take steps from their side. Which principle of management has been implemented here off late by the plant superintendent?

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**Answer:** The principle of Fayol—'initiative' was initially not followed and the establishment of suggestion/complaint box is a step in following it.

**Question 6:** Suresh works in a bulb manufacturing company. Each bulb which is manufactured is of standard size and quality. Further if there is any unrequired type of bulb manufactured then its production is stopped. Last month when the company came to know that 10 watt bulbs were no more liked by customers, their production was stopped. He works in the purchase department. His job is to purchase the filaments required to make bulbs. This time when he purchases the filament he gets the instruction from the seller that some special care needs to be taken in the first hour of fixing the filaments inside the bulb. Suresh knows this information should be given immediately to the production department before the assembling process starts. However he finds that his company's policies only allow him to give the message to his immediate boss who will further pass this message to his boss. The passing of this message will continue till it reaches the desired person in the production department.

- a. *Which technique of management is followed here?*
- b. *Also name the principle of management followed here by the company?*
- c. *Which option is now available to Suresh since the company is not allowing him to interact with the concerned worker in the production department?*



**Answer 6 :**

- a. The technique of management which is followed here is Standardisation (Each bulb which is manufactured is of standard size and quality) and Simplification (Further if there is any unrequired type of bulb manufactured then its production is stopped).**
- b. The principle of management which is followed here is Scalar Chain. However he finds that his company's policies only allow him to give the message to his immediate boss who will further pass this message to his boss.**
- c. The option which is now available to Suresh is the use of Gang Plank as this is an emergency situation. Suresh knows that this information should be given immediately to the production department.**

## Question 7 :

Every year a meeting is organized in the lawns of the owner of a company. In this meeting the owner of the company grants some funds for the benefit of the families of the employees. The employees on the other hand never resist any change or put excessive demands. The general environment in the company is very supportive to the employees. The employee turnover ratio is very low. Which concept of management is discussed here? Which principle of management will be easily followed here?

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**The concept of management discussed here is Mental Revolution. The owner of the company grants some funds for the benefit of the families of the employees. The employees on the other hand never resist any change or put excessive demands. Since the employee turnover ratio is low the principle of management which must have been followed is 'stability of personnel'. Whenever there is violation of this principle of Fayol the employee turnover ratio increases. The increased employee turnover ratio is not good for an organisation and should be minimised**

## Question 8 :

Bhatkaav Enterprises is facing huge losses. The owner of the company is an MBA pass out. Even then many things in the organisation are happening which are indicative of lack of proper management in the company. First of all there is no specific sharing of work and any time any employee is asked to do anything. This has led to wastage of efforts. Further due to negligence in proper work sharing there has been no specialization development in the nature of the jobs done by the employees.

There are no clear and fair agreements between the workers and the management. This has led to a lot of frustration in the workers. Management has quite often been found to be ignorant of not fulfilling promises done by it. There are also no strict rules and regulations binding on the conduct of the workers.

The departmental heads who are the middle level managers in the company and hold key positions always favour their relatives. They quite often don't turn up for job on time. They are always looking for special relaxations from the top management. This has led to feeling of resentment among the employees who are also demanding special favours and threatening strike in the coming days.

Identify the three principles of Fayol violated in the above case.

Answer :

In the first paragraph of the case the principle of Fayol which is violated is 'Division of Work'.

In the second paragraph of the case the principle of Fayol which is violated is 'Discipline'.

in the third paragraph of the case the principle of Fayol which is violated is 'Subordination of individual interests to general interests'.

### Question 9 :

Ramesh is the owner of a printing press. The size of his organisation has increased during the recent past. There are many employees who work in his organisation. The organisation is considered good and has earned a lot of reputation in the market. However when it comes to making key decisions in the organisation related to many things he never considers the opinions of his subordinates. Even though the size of the organisation has increased yet he tries to take all the key decisions on his own. Which principle of Fayol has been violated by him?



### Question 9 :

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**Answer: The principle of Fayol which has been violated here is 'Centralisation and Decentralisation'. This principle explains the need of balance between Centralisation and Decentralisation. He is making all the decisions on his own and he is not giving any decision making authority to his subordinates so he is not following this principle.**

## Question 10:

Mohan works on the floor of a mall as a manager. He is very hard working but is unable to produce results for his organisation. His target for last month was a sale of 10 lakh rupees from his floor. However by the end of the month the sale was only 8 lakh rupees. He is very regular and takes all the necessary steps to complete the target. However his staff is not as competent as he himself is. When he tries to take action against disobedient employees the top management doesn't allow him to do so. They haven't given him the power to fire employees or take any strict action against them. Which principle of Fayol is violated here by the Organisation?

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**Answer: The principle of Fayol which is violated here is 'Authority and Responsibility'. The amount of responsibility put on the shoulders of the floor manager is not in proportion to the amount of authority given to him. He can't take any strict action against his subordinates**

Question 11 Enlightened Souls Pvt. Ltd. is a tube light manufacturing company. Before the start of the year they had promised their employees for bonus for extra production. It was also decided that those who will put extra time will be paid extra according to the number of hours. However people in the HR department who worked very hard later complained that they were not compensated for the extra number of hours that they used to stay in the office. Which principle of Fayol is violated here?

Question 12: Rohan and Amit are working in the purchase department of a company. Rohan is the brother-in-law of the managing director of the company whereas Amit has been recruited from an external source. They both have been performing below average for the last couple of months. Many people in the organisation talk about their lack of responsibility. When the managing director of the company came to know about their irresponsible behaviour he immediately suspended Amit but did not take any action against Rohan. Identify the principle of Fayol which has not been followed by the managing director in the above case.

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**Answer:** The principle of Fayol which is violated 'Discipline'.

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**Answer:** Equity

### Question 13:

Aditi who is heading the campus recruitment program of the firm that she is working in, gets an immediate order from the marketing head of the organisation. Mr. Rupesh asks her to hire only those candidates who have two years experience in the field of marketing and offer them a higher package. Moments later when she is about to enter the campus she gets another call from the HR head who asks her to hire candidates with zero experience. He gives her the logic that such candidates would be expecting lower packages in comparison to the candidates having experience in the industry.

Which principle of Fayol stands violated here?

What is the immediate outcome of the violation of this principle? State the principle.

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**Answer: The principle of Fayol which is violated here is 'Unity of command'. The Unity of command states that an employee should take orders only from one boss. The immediate outcome of the violation of this principle is dual subordination.**

Question 14: Aapka Apna Vehicles is a vehicle manufacturing company. The company has the same unit producing both scooters and cars. This leads to confusion among the employees regarding the reporting as well as differentiation of work. Which principle of Fayol is violated here? Why? State the principle. Give an immediate outcome of the violation of this principle. 4

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**The principle of Fayol which is violated here is 'Unity of Direction'. Unity of Direction is violated here as there should have been separate departments for the two types of vehicles. This principle says that there should be one boss and one plan. The related activities should be placed in one department. So there should be separate departments for the production of cars and the scooters. The immediate outcome of the violation of this principle is overlapping of activities which will affect the whole organisation.**

Question 15: . Twenty new employees have started their career in XYZ Ltd. The employees are new to the environment of the organisation and have no idea about the demanding jobs. The management has decided to give them three months of time to show their results. Which principle of Fayol is followed here? How does this principle help the organisation?

Question 16: Enigma Coolers are the leading manufacturers in their area. They have decided to increase the productivity of their workers. For this they have chalked out a plan. They will be hiring operational managers who to work at the lower level of management. They have decided to keep eight managers over a single worker. Thus every worker will have to report to all these eight managers. Which technique of scientific management is followed here? What will be the benefit? Also tell which principle of Fayol will be violated here?

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**Answer: The principle of Fayol which is followed here is 'Stability of Personnel'. This principle helps the organisation by reducing Employee Turnover. Thus the efficiency of the organisation is increased.**

Answer 16:

**Answer: The technique of Scientific Management which is used here is Functional Foremanship. The benefit will be that every worker cannot have all the qualities like intelligence, special knowledge, energy, honesty, etc. Individually each of the functional foremen like gang boss, speed boss, etc. will look after all these qualities. The principle of Fayol which will be violated here will be principle of 'Unity of Command' as a single worker will have to report to eight different people.**

Question 17: ABCDEF Ltd. has decided to become the market leader in selling water bottles. The company decides to take care of all the departments. The top management decides to set standards for all the business activities right from the purchase of raw material to manufacturing and packaging of the water bottles. Which scientific technique of management is used here? Name three advantages of this technique.



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Answer: The scientific technique used is 'Standardization'.

The three advantages of standardization are:

1. Standards of performance of men and machine can be established.
2. Standards of excellence and quality in materials can be established.
3. Machines and their components of standard size can be interchanged over different areas and conditions.

Question 18: 'Work is Worship' is a leading construction company.

The organisation has grown from strength to strength because of its innovative ideas and scientific approach of working. Ten years back the organisation went through a revolution. All the operations and activities were properly noticed and the standard time taken to perform them was noted. This took a few months and now the company could find out the amount of workers required and the number of days to be involved in the various manufacturing processes. A year later they moved to another level by considering the stress involved in the lives of the workers. The amount and frequency of rest intervals in finishing a particular task were noted. This helped the company in optimizing the rest intervals for the workers so that their outputs could be increased. After six more months the company decided to reward the efficient workers. A different rate of wage payment was decided for those workers who performed above the standard. The standard was decided. This led to a revolutionary change in the perspective of the workers who now started giving their full efforts in order to increase their wages.

- Which concept of management has been discussed in the above case?
- Name the three types of this management concept highlighted above.
- Also identify the lines where these types have been indicated.

**Answer: The concept of management which is discussed above in the whole case is Techniques of Scientific Management.**

**The various types of techniques used are:**

- 1. Time Study. All the operations and activities were properly noticed and the standard time taken to perform them was noted.**
- 2. Fatigue Study. The amount and frequency of rest intervals in finishing a particular task were noted.**
- 3. 3. Differential Piece Wage System. A different rate of wage payment was decided for those workers who performed above the standard.**

### Question 19:

Sanchit, after completing his entrepreneurship course from Sweden returned to India and started a coffee shop 'Aroma Coffee Can' in a famous mall in Delhi. The speciality of the coffee shop was the special aroma of coffee and a wide variety of flavours to choose from. Somehow, the business was neither profitable nor popular. Sanchit was keen to find out the reason. He appointed Sandhya, an MBA from a reputed college, as a Manager to find out the causes for the same. Sandhya took feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analysed and found out that there were many unnecessary obstructions in between which could be eliminated. She fixed a standard time for processing the order. She also realised that there were some flavours whose demand was not enough. So, she also decided to stop the sale of such flavours. As a result within a short period Sandhya was able to attract the customers.

Identify and explain any two techniques of scientific management used by Sandhya to solve the problem.

Answer 19:

Answer:

Sandhya has used the following two techniques of scientific management:

1. Time Study. Time study aims at determining the standard time taken by a worker of reasonable skill to perform a well defined job. For this purpose time measuring devices are used and standard time is fixed for the task after taking several readings. The main idea behind this is to determine the number of workers to be employed, frame appropriate incentive schemes and determine labour cost.
2. Simplification of Work. Simplification of work aims at eliminating superfluous varieties, sizes and dimensions. The main idea behind is to eliminate unnecessary diversity of products. It saves cost of labour, machines and tools. It leads to reduction in stock and helps in fuller utilisation of equipment. Moreover, it leads to an increase in turnover.

## Question 20:

A scientist working in a factory for the betterment of the operational aspect studied all the steps involved in the manufacturing of the product. He very attentively noticed all sorts of movements to arrive at a simpler way of doing all the activities possible. With his hard work he was able to bring down the number of activities for the manufacturing of the final product from 34 to 22. This work was able to bring down the labour charges and decrease the total time of production. Thus he gave the organisation an added advantage. Which type of scientific technique is discussed here?

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**Answer: The type of scientific technique discussed here is Motion Study.**



Question 21: ABCDEF is a world renowned retail chain store. The customers here are very much pleased with the products and services provided in the stores. The customer satisfaction and internal efficiency indicator of the organisation is rated best in the industry. However there have been a few steps taken by the organisation which provide the organisation this edge. The organisation has used a special type of software which integrates all the stores and brings uniformity in its billing and working pattern. Which principle of management is mentioned here?

Question 23: Star Limited is a garment manufacturing company which has been performing quite well. The company got a major order of 2000 shirts which it is supposed to manufacture and supply within two weeks time. On an average the company manufactures around 50 to 60 shirts in a day. Therefore, it is a very challenging task for the organisation. The management of the company asked its labour to put in extra hours without any additional payment to achieve this objective. In return, management has promised the workers that their wages will be increased on a permanent basis as soon as the project is over. The labour agreed to the management's proposal and completed the assigned task within the allotted time frame. As per its promise the management increased the wages of the workers and the project became a great success. Both management and labour honoured their commitment. Identify the principle of Henri Fayol which has been highlighted in the above case.

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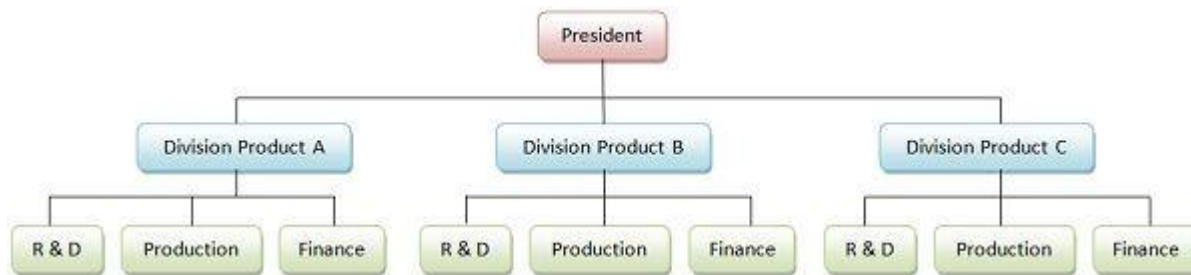
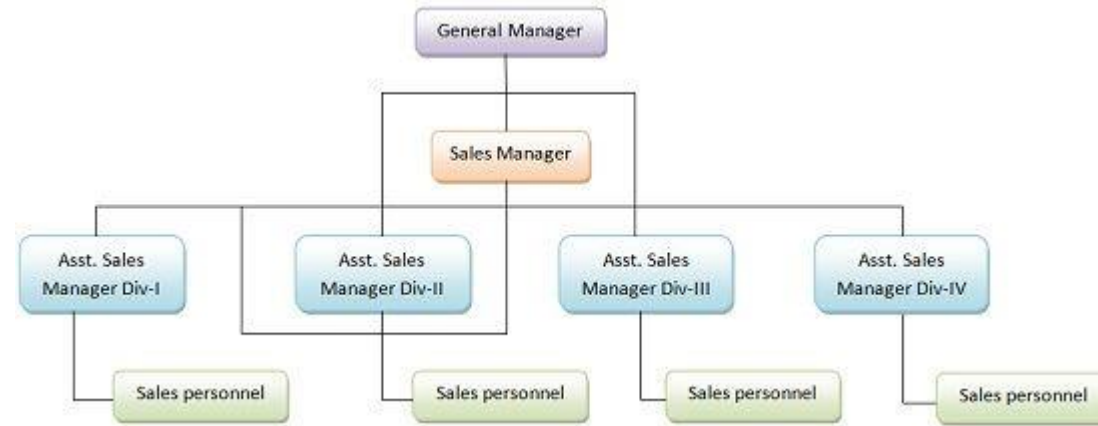
**Answer: The principle of management which is followed here is 'Science not Rule of Thumb' as the organisation tries to bring uniformity in its approach**

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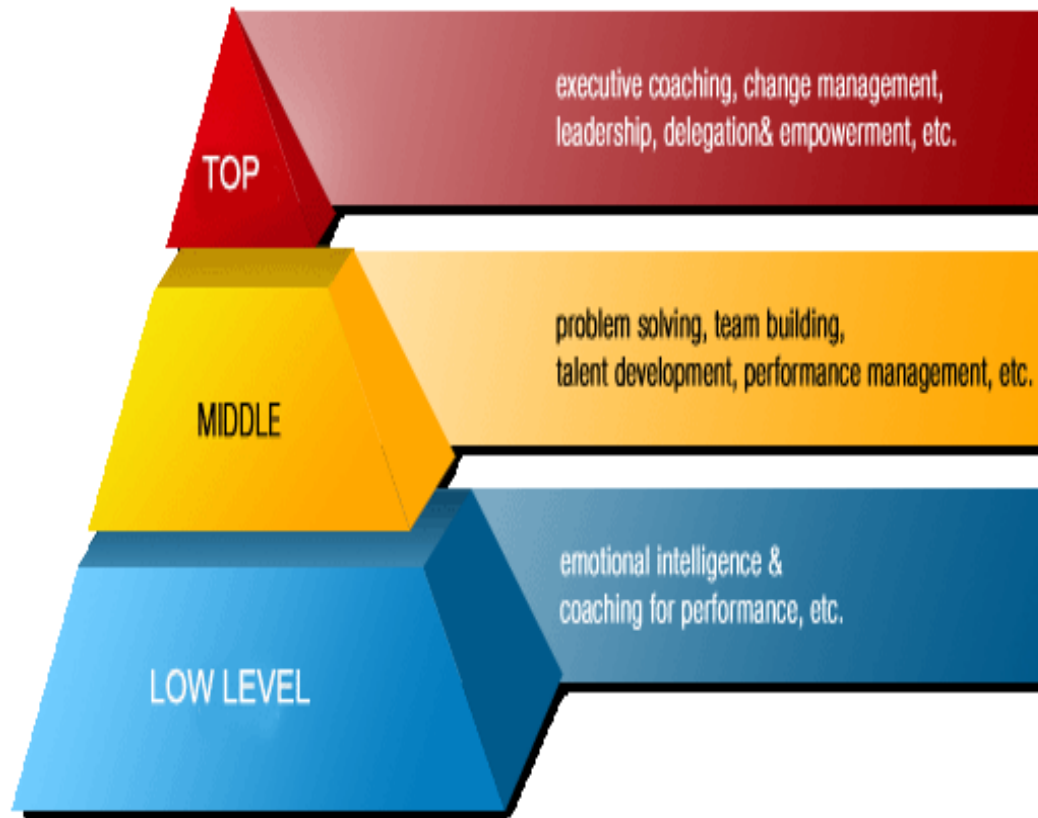
**Answer: Discipline**

## Types of Organization Structure

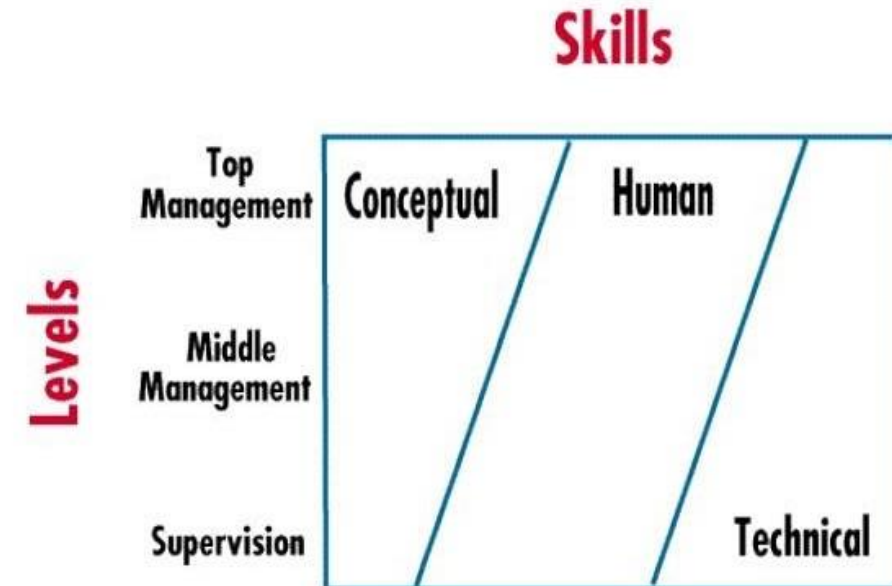
- Formal Organization
  - Line Organization
  - Functional Organization
  - Line & Staff Organization
  - Project Organization
  - Matrix Organization
- Informal Organization



## Levels of Management - Top, Middle and Lower



## Skill distribution at various management levels



## **FUNCTIONS OF MANAGEMENT:**

- Henri Fayol, a French businessman, first proposed in the early part of 20<sup>th</sup> century the various functions of a manager.

- 1) *Planning*
- 2) *Organizing*
- 3) *Commanding*
- 4) *Coordinating*
- 5) *Controlling*



## 1. Planning:

***Defining*** the goals, establishing strategy and developing plans ***to coordinate activities.***





## 2. Organizing:

*Determining what needs to be done*, how it will be done and who is to do it.



### 3. Leading:

***Motivating***, leading any other actions involved in ***dealing with people***.





#### 4. Controlling:

*Monitoring activities* to ensure that they are accomplished as planned.



## FEATURES OF MANAGEMENT:

- *Group activity*
- *Goal oriented*
- *Factor of production (org)*
- *Invisible force*
- *Integrative Process*
- *Social process*
- *Eternity*
- *Universality*
- *Intellectual exercise*
- *Profession*

