

Chapter 2 - Principles Of Management

Very Short Answer Type

Question 1:

What makes principles of management flexible?

Answer:

Management principles are not rigid, they are the prescribed guidelines which can be used by the managers as per the situations. They are flexible enough to be used and moulded by the manager as per the need of the hour. Moreover, individual principles are like different tools serving different purposes, the manager has to decide which tool to use under different circumstances.

Question 2:

State the main objective of time study.

Answer:

The main objective of Time study is setting a standard time limit for completing a particular job. The time taken for completing the job is measured for setting the standard time limit. This helps decide the number of workers to be employed for a particular task, determine their wages, etc.

Question 3:

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

Answer:

Cooperation, not individualism is the extension of the principle 'harmony, not discord'. Cooperation among the managers and the workers is stressed in this principle, rather than their individual interests. The managers should take care of the workers and, similarly, the workers should work willingly, making their best contribution to the company.

Question 4:

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

Answer:

Two causes of fatigue that may create hindrance in the employee's performance are:

1. Long working hours
2. Uncordial relationship with the superior

Question 5:

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.

Answer:

The principle of management followed by Wales Limited is 'Stability of Personnel'. 'Stability' means that the management should follow a rigorous procedure for the selection of potential candidates and should work towards retaining employees for the maximum period. They should be given a reasonable time to show results. This principle ensures the stability of personnel over a longer period.

Question 6:

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

Answer:

The technique used by Taylor for distinguishing efficient and inefficient workers was Differential Piece Wage System.

Under this technique, wages are decided according to a set standard. The workers who perform better than the set standards get higher wages than the workers who perform below the standards.

Short Answer Type**Question 1:**

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

Answer:

The principle of 'Unity of Command' states that any person should be answerable to just one boss. If an individual receives command from two or more people then, this principle is violated. According to Fayol, this principle plays an important role in management. If this principle is violated then, it leads to confusion in the mind of the employee which leads to instability and disturbance. For example, suppose A(sales manager) gives B a task that has to be completed in 5 days. On the other hand, C (finance manager) asks B to complete the same task in 3 days. This will lead to confusion in terms of targets.

Question 2:

Define Scientific Management. State any three of its principles.

Answer:

The term 'Scientific management' was developed by Frederick Taylor (1856-1915) in 1911. It refers to the classical outlook of management which focussed on devising the best ways of doing the work and thereby increasing the effectiveness and efficiency of work. Scientific management implies working according to standardised techniques and tools and with the help of specialised personnel so as to improve the quantity as well as the quality of the product and the same time reducing the costs. Scientific management is also known as Taylorism.

The Following are three principles of scientific management.

i. *Harmony, Not Discord:* According to this principle, the managers and the workers should maintain a harmonious work environment. They should realise that they are dependent on each other. Only if they work in amity, will they be able to perform better. Taylor emphasised on complete mental revolution. That is, the workers should change their attitude and each one should realise others importance. Management should take care of the needs of the workers and workers on the other hand should work to their best efficiency. Both should work in harmony towards the common goals of the organisation.

ii. *Science, Not Rule of Thumb:* According to Taylor, instead of rule of thumb scientific management practices should be followed. Under the rule of thumb, each manger handles a situation as and when they arise. They used the trial and error method to find solutions to a problem. Taylor proposed that instead of this management practices should be scientific. He suggested that a study of various traditional methods should be done and the best method/solution among them should be adopted and followed by all the managers in the organisation. Such a scientific management greatly reduces the costs and improves efficiency.

iii. *Personnel Development:* Overall efficiency of the organisation depends on the individual competencies of the employees. Scientific management aimed at improving the working capabilities of the employees to their maximum level. It focussed on the training and development of the labourers to raise their productivity.

Question 3:

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?

Answer:

In the stated situation, the Principle of Order is violated. As per the Principle of Order, there should be right arrangement of things. Everything and everyone should be at their respective places, in short 'right people at right place and at right time'. This helps in carrying out the tasks smoothly. If this principle is violated, then it leads to chaos and delay in work. For instance, if the files are not kept in a certain order, then it will lead to difficulty in locating a file when required. This will further lead to delay in the work.

Question 4:

Explain any four points regarding significance of Principles of Management.

Answer:

Principles of management play an important role in managerial practices. They guide the managers in taking actions and decisions. The following points highlight the significance of Principles of

Management

1. Insights to Reality: Principles of Management are based on years of experimentation and experience. Thus, these principles guide the managers, when they face the real world problems. Managers can use them in different situations to solve the recurring problems.

2. Logistic Decisions: Decisions regarding management should be taken carefully. They should be based on reasons and proofs rather than beliefs and ignorance. As principles of management were developed from real life problems so, they stand the test of logic and reasoning. Thus, principles of management help the managers in taking logical decisions that are free from personal bias.

3. Basic Education of Management: These principles form the basic roots of management education. Without them management as a discipline could not have been developed. That is, they form an important part of management curriculum. In addition, they also form the basis of further research on management techniques and methods.

4. Optimal use of Resources: Principles of management help in the optimum utilisation of the available resources. With principles of management the exact cause and effect relationship of the decisions of the managers can be predicted. Thereby, the wastages of resources that may be associated with the hit and trail method can be avoided.

Thus, by following the principles of management, best possible usage of resources becomes possible such that maximum benefit can be derived with minimum possible cost.

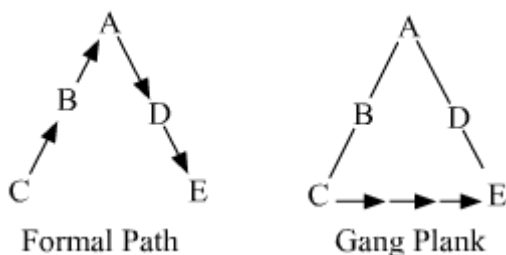
Question 5:

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

Answer:

Scalar Chain refers to a pre-defined, formal path of authority and communication in the order of highest to the lowest. For example- if A is the CEO of an organisation and he has two paths of authorities under him. One, A-B-C and the other A-D-E. Everybody in the organisation follows this chain of authority for communication. For example, If C wants to contact with E then he will have to follow this formal path, as $C \rightarrow B \rightarrow A \rightarrow D \rightarrow E$. That is, C has to first contact the higher authorities ($C \rightarrow B \rightarrow A$) over him who then transverse the communication to E ($A \rightarrow D \rightarrow E$).

However, in case of emergency C may directly contact E through 'Gang Plank'. Gang plank is a shorter emergency route through which the workers lower in the authority chain can directly contact the persons of higher authority or those working in other scalar chains.



Question 6:

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?

Answer:

The principle of management which was violated by Mr. Rathore is 'Subordination of individual interest to general interest'. According to this principle, organisational goals should have priority over the personal interests of any individual. The individuals of an organisation should make sure that their personal interests do not affect the organisational interests in any manner.

The positive impacts of following the above principle are:

- Increased productivity
- Harmonious work culture
- Sense of belongingness to the organisation among employees
- Achievement of organisational goals

Long Answer Type

Question 1:

Explain the Principles of Scientific management given by Taylor.

Answer:

Scientific management implies knowing exactly what is to be done and devising the best ways of doing it. This term was given by Frederick Taylor (1856-1915) in 1911. It suggests that work should be done according to standardised techniques and tools and with the help of specialised personnel so as to improve the quantity as well as the quality of the product and the same time reducing the costs. That is, scientific management improves the effectiveness and efficiency of work.

The following are the principles of scientific management.

1. **Science, not a rule of thumb:** Before Taylor developed the Principles of Management, Rule of Thumb was a widely used concept. Under rule of thumb, each manger handled a situation or problem as and when they arose using the trial and error method. It was an easily applicable process but was a very vague and inaccurate technique of determining solutions to the problems. Taylor fostered the introduction Scientific methods. He believed that for every work there is only one best method of doing it. He wanted managers to take decisions on the basis of logic and science rather than rule of thumb. He proposed that various traditional methods used by the managers should be studied and the best method/solution among them should be adopted and followed by all the managers in the organisation. With such scientific management he was able to increase efficiency to a large extent.

2. **Harmony, not Discord:** Taylor emphasised that the managers and the workers should maintain a harmonious work environment. They should realise their interdependence and work in amity. He was well acquainted with the fact that friendly working environment will help in developing the relations between them. He introduced this principle to maintain a peaceful kinship between people. Often it is

found that if the workers are deprived of their wishes or demands they generally go on strike. This affects the productivity and the working environment. To dismiss such a situation Taylor was ardent about a mental revolution. It implies a change in the thinking of both the workers and managers. For example, if a worker is having problem with the working hours, he should talk to the manager about it, instead of letting it effect the production (by going on a strike). Similarly, the managers should listen to the worker's suggestions and demands rather than ignoring them.

3. **Cooperation, not Individualism:** This principle emphasised cooperation among the managers and workers over individualism. This principle was an elongation of the principle of 'Harmony, not discord'. According to it, the workers and the manager should work with mutual understanding of each other. The manager should take care of the labourers. He should share the company gains with the workers; awarding them with sufficient incentives to work. Similarly, the labourers should willingly work, giving their best contribution to the company. This will build up mutual trust and belongingness within both of them. Work and responsibility should be equally divided and a sense of cooperation and coordination should be established.

4. **Personnel Development:** Any organisation should focus on the development of its workers along with the company's growth. This is because if the workers will have higher proficiency, then they will be able to increase their contribution to the organisation's development. They should introduce ways and incentives to build up their competitiveness. Efforts towards increasing the efficiency should begin at the very first step i.e. while hiring the workers. Employees should be recruited in a scientific manner. They should be assigned works according to their mental/physical qualities. For increasing the efficiency the workers should be given a proper training.

Question 2:

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

- (a) Unity of direction
- (b) Equity
- (c) Espirit de corps
- (d) Order
- (e) Centralisation and decentralisation
- (f) Initiative

Answer:

(a) **Unity of Direction-** According to this principle, each unit of the organisation should work towards a common objective. According to it, units having same goals should have a single head and plan. This principle helps in eliminating the overlapping of work. For example, if an organisation is engaged in the manufacturing of two products, then each should have its own separate department and divisions with their respective heads and plans

(b) **Equity-** This principle focuses on treating each employee fairly equally. That is, it states that each employee should be equal in the eyes of the manager. Although this principles calls for kindness in the behaviour of the manager, however sometimes force can also be used to set an example for other employees. In addition the workers should be regarded as equal grounds of religion, language, caste, etc.

This helps in building an amiable environment. For example- if workers from different religions or nationalities are working in the same organisation then no discrimination should be done against any.

(c) ***Espirit de Corps***- This principle recommends that employees should work in unity with each other. They should work as a team. In other words, team spirit should be promoted by the manager. Each employee should have a sense of belongingness. This proves useful especially in large organisations where without team work, achievement of objectives would become difficult. Team spirit increases coordination and mutual understanding among the employees and thereby improves efficiency.

(d) ***Order***- Orderliness principle focuses on right arrangement of things. Everything and everyone should be at their respective places, in short 'right people at right place and at right time'. This helps in carrying out the tasks smoothly. For example, if files are kept in a certain order then this will help in locating the file easily when required. Violation of this principle leads to chaos and delay in work.

(e) ***Centralisation and Decentralisation***- Centralisation refers to the consolidation of power and authority to one or only few hands. Here, the decision making power gets reserved to the centre point of an organisation. On the other hand, decentralisation refers to the delegation of authority to more than one level. According to Fayol, the involvement of the employees with the higher authority should be balanced by decentralising the authority to the managers. For example, if the CEO of a company is responsible for decision making for the entire organisation then, this is centralisation of power. On the other hand, if the decision making power is delegated to managers at the middle and lower level then, this will be called decentralisation.

(f) ***Initiative***- According to this principle, workers should be given enough motivation and incentive to work. They should be inspired to come up with suggestions for regarding the work. Although initiatives should be encouraged, but they should be in line with the practices and rules of the organisation. For example, the managers can ask the workers for their inputs over how to increase efficiency. Also, good suggestions can be rewarded.

Question 3:

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

Answer:

Functional Foremanship

A foreman refers to a person who is in charge of the operational level workers. Taylor suggested that to increase the efficiency, performance of the foreman should be improved. That is, Taylor focussed on the importance of the foreman in an organisation. Taylor observed and identified few qualities, such as intelligence, tact, judgement, etc., that a foreman should have. He found that no single person can have all the required qualities. Thus, he suggested that instead of a single person, there should be eight persons through which the functions of a foreman should be accomplished. This technique was given the name Functional Foremanship. According to this, the planning and the production functions should be separated. That is, under the manager, there would be one planning incharge and one production incharge. Each incharge would have four personnel under him/her.

The following are the four persons that worked under the *planning incharge*.

- i. *Instruction Card Clerk*- To give instructions to the workers.
- ii. *Route Clerk*- To show the route of production.

- iii. *Time and Cost Clerk*- To take care about the time and costs.
- iv. *Disciplinarian*- To ensure that discipline is being maintained.

The following are the four persons that worked under the *production incharge*.

- i. *Speed Boss*- To ensure timely completion of tasks
- ii. *Gang Boss*- To keep the machines and tools ready for the workers.
- iii. *Repair Boss*- To ensure proper working of the machines.
- iv. *Inspector*- To control the quality of work done.

Mental Revolution

Mental Revolution implies changing the attitude of the workers and the managers. Mental revolution aimed at improving the thinking of both, to create a better working environment. The workers and the manager should change their attitude and each one should realise others importance. Both should work towards the common goals of the organisation. Management should take care of the needs of the workers and share the benefits with them. On the other hand, workers should put in their best efforts. Thus, the concept of Mental Revolution enunciated on cooperation and mutual trust between the workers and the managers.

Question 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.

Answer:

(a) ***Time Study***- In this technique Taylor emphasised on setting a standard time limit for completing any particular job. With the help of time measuring tools, considerable readings were taken for the time taken to complete a task. On the basis of this a standard time limit is set for each task. This helped in deciding the number of workers to be employed for the task, determining their wages, etc. For example, if, on the basis of observations it is determined that one person can finish making 1 shirt in two hours then, in a working day of 8 hours, each worker should make 4 shirts.

(b) ***Motion Study***- As the name suggests, motion study refers to the study of motion (movements) involved while undertaking a task. This technique aims at removing the unwanted actions/motions so that the work can be completed in a lesser time. Taylor along with his associate Frank Gailberth observed the motions of a worker and categorised them as productive, incidental and unproductive. They demonstrated that by eliminating the unproductive movements productivity can be increased. For example, in brick layering they demonstrated that productivity increased by nearly 4 times by reducing the motions from 18 to 5.

(c) **Fatigue Study**- This technique is regarding requirement of rest or break during the work. If a worker works continuously physical and mental fatigue sets. This reduces his/her efficiency. Thus, the worker requires rest or break. Fatigue study identifies the intervals required while completing a task. It suggests that standard break timings should be decided for improving the working performance of workers.

(d) **Method Study**- This study aims at finding out the best method of completing any work. It takes into account each and every activity involved in the task. It helps in reducing the costs and maximising the satisfaction of the customers. Assembly line production, used by Ford Motors is a popular example of method study.

(e) **Simplification and Standardisation of Work**- Taylor holds up standardisation as the very basis of techniques of scientific management. Standardisation as the word suggests implies setting of milestones or benchmarks for any work or activity. Various other techniques by Taylor, such as method study, fatigue study and time study are also based on the concept of standardisation.

Simplification on the other hand means eliminating any unnecessary diversifications in the product. It aims at fuller utilisation of the resources, reducing inventories and increasing the turnover. It helps in reducing the costs of labour and machines. This technique helps in optimum utilisation of resources and removes the unnecessary costs related to work.

Question 5:

Discuss the differences between the contributions of Taylor and Fayol.

Answer:

Basis of Difference	Taylor's Contributions	Fayol's Contributions
Contribution	Scientific Management or 'Taylorism' Theory was given by Taylor in 1911.	General Theory of Administration or 'Fayolism' was given by Fayol in 1916
Personality	Taylor was a mechanical engineer/scientist.	Fayol was a mining engineer/practitioner.
Principles and Techniques	Taylor introduced Principles of Scientific Management and Functional Foremanship along with the techniques such as method study, motion study, etc.	Fayol introduced 14 Principles of Management such as Order, Equity, Esprit de Corps, etc.
Application of Principles	Principles are applicable to specialized situations.	Principles are accepted everywhere and are universal in nature.
Perspective	Taylor's principles are based on improving the conditions of floor level workers first.	Fayol's principles are based on functions of the higher level managers.
Emphasis and Focus	Focus was on improving the overall administration of an organisation.	Focus was on increasing the productivity along with the worker's efficiency.
Title	Taylor is called 'Father of Scientific Management'	Fayol is called 'Father of General Management'

Question 6:

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

Answer:

The principles of Taylor and Fayol play an important role in contemporary business environment. Taylor's scientific management principles and Fayol's administrative principles provide guidelines to the managers in taking actions and decisions. They help in explaining and predicting the business situations and thereby, guides the managerial behaviour. Although they cannot be used as it is but they prove as important guidelines in complex real business situations. Managers can use them in different situations to solve the recurring problems. Decisions taken on the basis of these principles are based on facts and logic and are thereby, more appropriate. They are developed over time by a continuous process of observations and experimentation. Thus, they provide useful insight into the real business situations. These principles have universal applicability and are used by all organisations irrespective of the size, nature, region. Moreover, as these principles are based on the human behaviour so, they help in establishing a relationship between human and material resources in an organisation. The applicability of these principles helps in overall development of the organisation. These principles aim at increasing the overall efficiency in the organisation along with optimum utilisation of resources. They also highlighted the importance of cooperation among the employees and the managers while maintaining a harmonious work environment.

Question 7:

'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.

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.

- 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?

Answer:

1. The principles of management that are being violated in the given situation are as follows.

i. **Quote 1:** Sometimes the subordinates had to work for more than one superior resulting in declining efficiency.

Principle: Unity of command- This is evident from the situation that the employees are made to work for more than one superior.

ii. **Quote 2:** The divisions that were previously working on one product were also made to work on two or more products.

Principle: Division of work- In the given situation one division is made to work on more than one product which leads to wastages.

iii. **Quote 3:** The workers were becoming undisciplined.

Principle: Discipline- In the given instance, principle of discipline is not being followed as workers were becoming undisciplined.

iv. **Quote 4:** The spirit of teamwork, which had characterised the company, previously was beginning to wane.

Principle: Esprit de corps- It is given that the spirit of team work is declining in the company.

v. **Quote 5:** Workers were feeling cheated and initiative was declining.

Principle: Initiative- It is given in the situation that initiative is declining and employees are discouraged.

2.

i. **Unity of Command:** According to this principle, an individual should be answerable to only one boss. If an employee receives orders from more than one superior, the employee will be confused about whose orders to follow, which will affect the work. It might also cause a clash of interests and egos among the superiors.

ii. **Division of work:** Division of work means that the given task is divided into small groups or units so that the task is completed in a competent manner. This principle leads to specialisation in work.

iii. **Discipline:** Discipline means that the organisation should follow rules and regulations and ensure conformity to the set rules and policies. It is important for both the workers as well as the management that they honour their commitments.

iv. **Esprit de corps:** This principle recommends that employees should work in unity with each other. They should work as a team. In other words, team spirit should be promoted by the manager. Each employee should have a sense of belongingness. This proves useful especially in large organisations where without team work, achievement of objectives would become difficult. Team spirit increases coordination and mutual understanding among the employees and thereby improves efficiency.

v. **Initiative:** According to this principle, workers should be given enough motivation and incentive to work. They should be inspired to come up with suggestions regarding the work. Although initiatives should be encouraged, but they should be in line with the practices and rules of the organisation. For example, the managers can ask the workers for their inputs over how to increase efficiency. Also, good suggestions can be rewarded.

3. The steps that can be taken by the company with regard to above mentioned principles are as follows.

1. Scientific management must be followed.
2. It must be ensured that the subordinates get instruction from only one superior at a time so as to avoid any confusion and chaos.
3. There must be specialisation in work in the sense that each division specialises in one particular task. This is required to avoid overlapping in work.
4. Workers must be given proper incentives and motivation to work through such measures as differential piece wage system.
5. Team work with proper coordination and understanding must be promoted.

Question 8:

(Further information related to the above question 6) 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 —

- 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.

(The above changes should be introduced apart from the steps recommended as an answer to Part c - case problem 6 above.).

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.

Answer:

1. Yes, the scientific management techniques as suggested by 'Mukti consultants' would prove helpful for the organisation. With the implementation of scientific management techniques the company would be able to work according to standardised techniques and tools. This would help improve both the quantity as well as the quality of the product. At the same time it would also help in reducing the costs. In this way scientific management would help in improving the effectiveness as well as efficiency in work.

2. The following precautions can be taken by the Bhasin Limited:

- i. Fresh trained and specialised staff can be recruited for certain specific areas. In addition the existing staff can also be given proper training.
- ii. Production should be planned properly and with utmost care.
- iii. In the introduction of functional foremanship care must be taken that there is enough incentive and motivation for the employees.

- iv. Besides work study, other studies such as method study, motion study, time study and fatigue study should be undertaken.
- v. Technique of standardisation can be used for different aspects of production.
- vi. Monetary incentives can be given to motivate the employees to work more and with better efficiency.