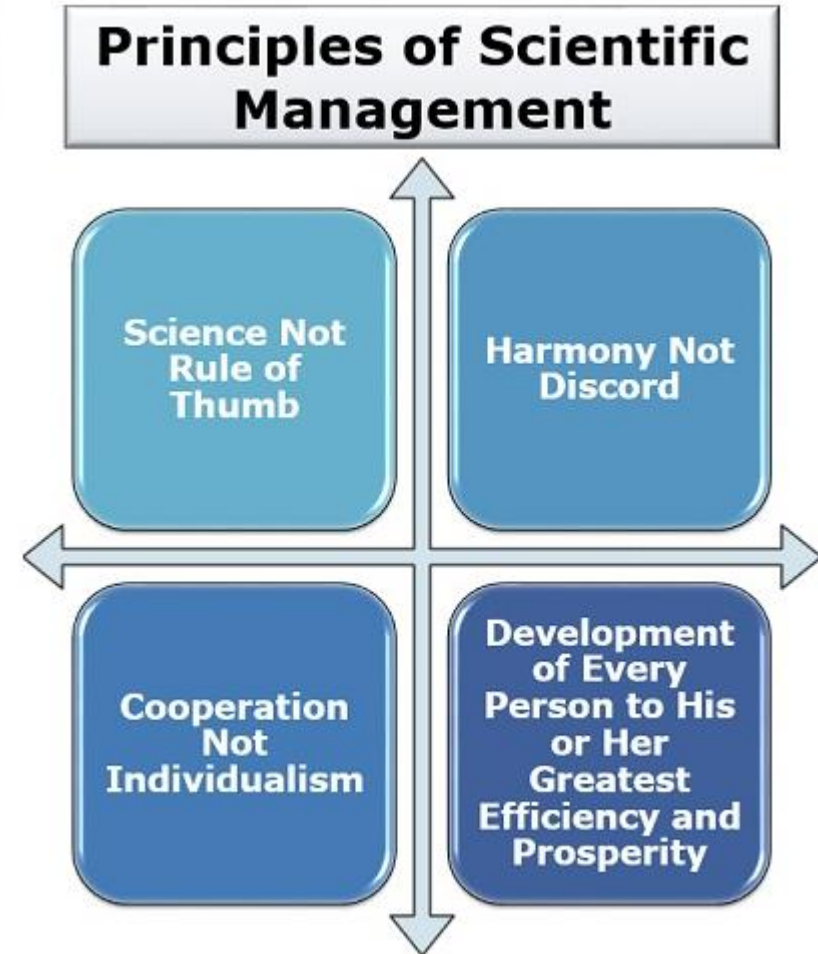


Day-1

Unit-2 Lecture-1



Scientific Management Theory Frederick Winslow Taylor (1856-1915)



Principles of Scientific Management: Propounded by Taylor

1.Science, Not Rule of Thumb:

In order to increase organizational efficiency, the 'Rule of Thumb' method should be substituted by the methods developed through scientific analysis of work.

Rule of Thumb means decisions taken by manager as per their personal judgments. According to Taylor, even a small production activity like loading iron sheets into box cars can be scientifically planned. This will help in saving time as well as human energy. Decisions should be based on scientific enquiry with cause and effect relationships. This principle is concerned with selecting *the best way of performing a job* through the application of scientific analysis *and not by intuition or hit and trial methods*.

The work assigned to any employee should be observed and analyzed with respect to each element or part thereof and the time involved therein to decide the best way of performing that the work and to determine the standard output for same.

Principles of Scientific Management: Propounded by Taylor

2. Harmony, Not Discord:

Taylor emphasized that there should be *complete harmony between the workers and the management* since if there is any conflict between the two, it will not be beneficial either for the workers or the management. Both the management and the workers should realize the importance of each other. In order to achieve this state, Taylor suggested complete mental revolution on the part of both management and workers. It means that there should be complete change in the attitude and outlook of workers and management towards each other. It should always be kept in mind that prosperity for an employer cannot exist for a long time unless it is accompanied by the prosperity of the employees of that organization and vice versa.

It becomes possible by

- (a) sharing a part of surplus with workers
- (b) Training of employees,
- (c) Division of work
- (d) Team spirit
- (e) Positive attitude
- (f) Sense of discipline
- (g) Sincerity etc.

For example,

In most of the Japanese companies, paternalistic style of management is in practice and there is complete openness between workers and the management. Usually, workers don't go on the strike but, if at all they do so, they just wear a black badge and work even more than the normal hours just to impress upon the management that their focus is on their demands as well as organizational objectives.

3. Cooperation, Not Individualism:

This principle is an extension of principle of 'Harmony, not discord' and lays stress on cooperation between workers and the management. Cooperation, mutual confidence, sense of goodwill should prevail among both, managers as well as workers. The intention is to replace internal competition with cooperation.

Both 'Management' and 'Workers' should realize the importance of each other. Workers should be considered as part of management and should be allowed to take part in decision making process of the management.

Management should always welcome their suggestions and should also reward them if their suggestions prove to be beneficial for the organization viz. reduction of costs or increase in production etc.

- At the same time, workers should also resist from going on strike or making unnecessary demands from management. Workers should be treated as integral part of organization and all-important decisions should be taken after due consultation with workers. Both should visualize themselves as two pillars whose soundness alone can ensure achievement of common goals of the organization.
- Taylor also suggested that there should be proper division of work and responsibility between the two. Management should always guide, encourage and help the workers.

4. Development of each person to his or her greatest efficiency and prosperity:

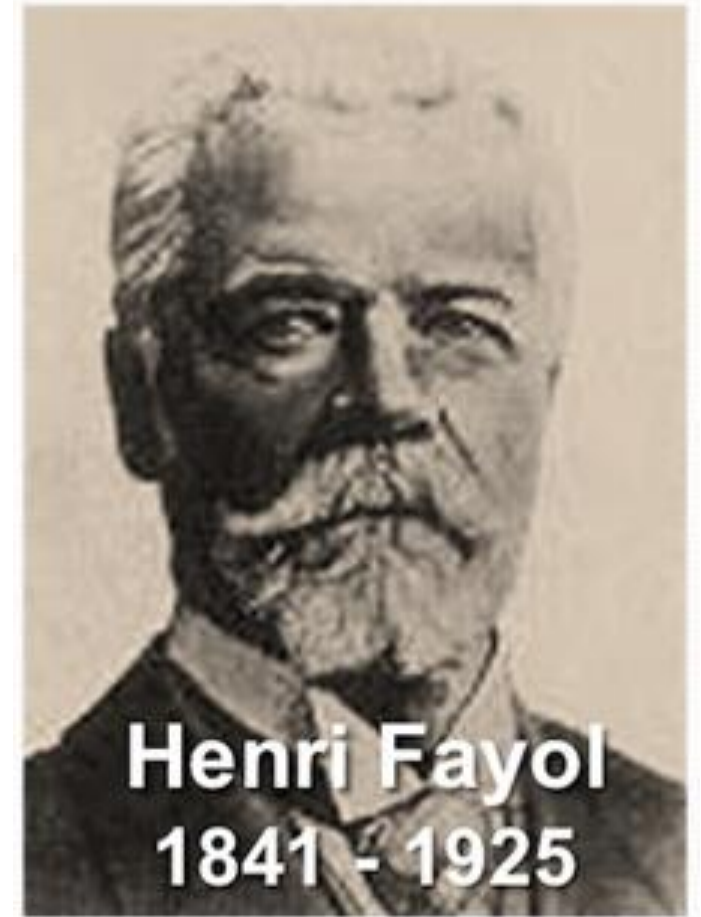
- Efficiency of any organization also depends on the skills and capabilities of its employees to a great extent. Thus, providing training to the workers was considered essential in order to learn the best method developed using scientific approach. To attain the efficiency, steps should be taken right from the process of selection of employees. Employees should be scientifically selected.
- The work assigned to each employee should suit his/her physical, mental and intellectual capabilities. Efficient employees produce more to earn more. This ultimately helps to attain efficiency and prosperity for both organization and the employees.

Henri Fayol's 14 Principles Of Management

Henri Fayol, a French industrialist, is now recognized as the *Father of Modern Management*.

In year 1916 Fayol wrote a book entitled "Industrial and General Administration". In this book, he gave the 14 Principles of Management.

These 14 principles of management are universally accepted and used even today. According to Henri Fayol, all managers must follow these 14 principles.



14 Principles of Henry Fayol

▶ Division of Work

▶ Authority and Responsibility

▶ Discipline

▶ Unity of Command

▶ Unity of Direction

▶ Interest

▶ Remuneration

▶ Centralization

▶ Scalar Chain

▶ Order

▶ Equity

▶ Stability of Tenure

▶ Initiative

▶ Esprit De Corp

Henri Fayol's 14 Principles Of Management

1. Division Of Work

Work should be divided among individuals and groups to ensure that effort and attention are focused on special portions of the task. Fayol presented work specialization as the best way to use the human resources of the organization.

- Subdivision of work makes it simpler and results in efficiency.
- It also helps the individual in acquiring speed, accuracy in his performance.

2. Authority & Responsibility

The concepts of Authority and responsibility are closely related. Authority was defined by Fayol as the right to give orders and the power to exact obedience. Responsibility involves being accountable and is therefore naturally associated with authority.

- 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.

Henri Fayol's 14 Principles Of Management

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.
- Discipline is not only required on path of subordinates but also on the part of management.

4. Unity Of Command

- Each worker should have only one boss with no other conflicting lines of command.
- In other words, a sub-ordinate should not receive instructions from more than one person because
 - It undermines authority
- Weakens discipline
- Creates confusion
- Delays the work
- Escaping responsibilities
- Duplication of work

Henri Fayol's 14 Principles Of Management

5. Unity of Direction

- The entire organization should be moving towards a common objective in a common direction.
- People engaged in the same kind of activities must have the same objectives in a single plan. This is essential to ensure unity and coordination in the enterprise.
- Unity of command does not exist without unity of direction but does not necessarily flows from it.

Henri Fayol's 14 Principles Of Management

6. Subordination of individual interests to the general interests

- The interests of one person should not take priority over the interests of the organization.
- In an organization, there are two types of interest, the individual interest of the employees, and the general interest of the organization. The individual interest should be given less importance, while the general interest should be given most importance. If not, the organization will collapse.
- For example, for change of location of plant, for change of profit-sharing ratio, etc.

7. Remuneration

Remuneration is the price for services received. If an organization wants efficient employees and best performance, then it should have a good remuneration policy. This policy should give maximum satisfaction to both employer and employees.

Henri Fayol's 14 Principles Of Management

8. Centralization (Or 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..

Henri Fayol's 14 Principles Of Management

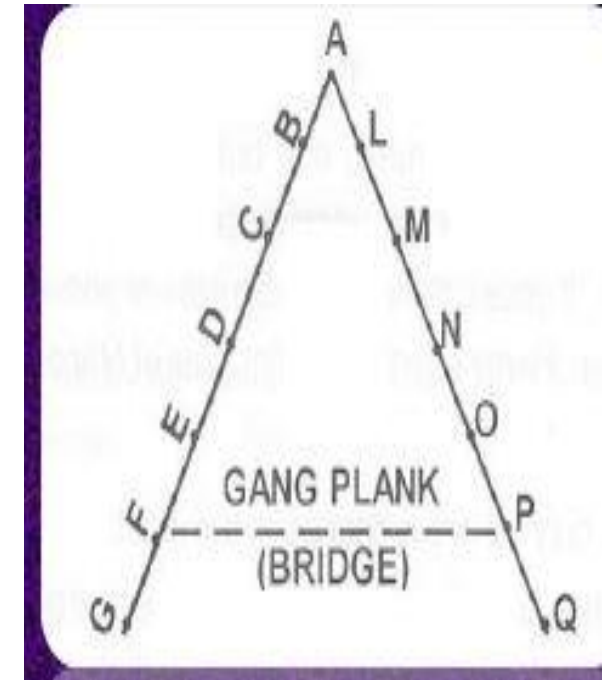
9. Scalar chain (Line of Authority)

- Scalar Chain is a line of authority. This line joins all the members (managers and employees) from top to bottom. Every member must know who his superior is. He must also know who his subordinate is. Scalar Chain is necessary for good communication. Scalar Chain must not be broken in normal circumstances. However, if quick action is necessary, then this chain can be broken. This is done using "Gang Plank".

Gang Plank

- A **Gang Plank** is a temporary arrangement between two different points to facilitate quick & easy communication as explained below:

In the figure given, if F has to communicate with P he will first send the communication upwards with the help of E, D, C, B to A and then downwards with the help of L, M, N and O to Q which will take quite some time and by that time, it may not be worth therefore a gang plank has been developed between the two.



Henri Fayol's 14 Principles Of Management

10. Order

- There should be an Order for Things and People in the organization.
- Order for things is called Material Order. Order for people is called Social Order.
- Material Order refers to "a place for everything and everything in its place."
- Social Order refers to the selection of the "right man in the right place".
- There must be orderly placement of the resources such as Men and Women, Money, Materials, etc. Misplacement will lead to misuse and disorder.

11. Equity

- The employees should be treated with fairness, kindness & justice 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.
- Fayol was of opinion that, "at times force and harshness might become necessary for the sake of equity".

Henri Fayol's 14 Principles Of Management

12. Stability of Tenure of Personnel

- Employees work better if job security and career progress are assured to them. An insecure tenure and a high rate of employee turnover will affect the organization adversely
- 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”.
- Stability of job creates team spirit and a sense of belongingness among workers which ultimately increase the quality as well as quantity of work.

Henri Fayol's 14 Principles Of Management

13. Initiative

- Management should encourage initiative. That is, they should encourage the employees to suggest ideas, experiences & new method of work.
- It helps in developing an atmosphere of trust and understanding
- It creates eagerness to initiate actions without being asked to do so..

14. Esprit de Corps

- Management must foster the morale of its employees. He further suggests that: “real talent is needed to coordinate effort, encourage keenness, use each person's abilities, and reward each one's merit without arousing possible jealousies and disturbing harmonious relations.”
- Here Fayol emphasizes the need for building and maintaining of harmony among the work force , teamwork and sound interpersonal relationships.

Social Responsibilities of Management

- **Business and society** :Business depends on society for Money , Men ,Skills ,Markets
- Social responsibility Obligation and commitment of managers to take steps for protecting and improving society's welfare along with protecting their own interest Social responsibilities of Business.



Social Responsibilities of Management

To owners

- The business should be managed profitably
- Fair and regular return on capital
- Capital appreciation
- Financial position of the business should be consolidated
- Company should build its image and reputation in the market To Employees Fair selection, training and promotion
- Fair wages and incentives
- Safe and comfortable working conditions
- Labor welfare schemes
- Proper recognition, appreciation and encouragement of special skills
- Installation of efficient grievance handling system

Social Responsibilities of Management

To Consumers

- Supply goods at reasonable price
- Provide after- sales service
- Avoid creation of artificial scarcities
- Not to give a false advertisement
- Producing and distributing only quality goods
- To ensure that the product supplied has no adverse effects
- Providing the same weight, composition etc. of the product as marked on the package
- Provide full information
- To improve product distribution
- To hear and redress genuine grievances of the customers
- Understand customers' needs and to satisfy them

Social Responsibilities of Management

To Community

- Prevent environmental pollution and to preserve ecological balance
- Assisting in overall development of the locality
- Provide jobs
- Promotion of small scale and ancillary industries
- Promotion of education and literacy

To Government

- Complying with all government regulations and legal requirements
- Paying taxes honestly
- Executing government Contracts
- Making services of executives available for government
- Working as a willing partner with government

THANK YOU