

Principles of Management

Meaning

Management Principle is a broad and general guidelines for decision making and behaviour.

Nature/Features/Characteristics

- 1. Universal application (Pervasive):** The principles of management are universal in nature that means they can be applied to all types of organisations irrespective of their size and nature. Business as well as non-business, small as well as large, public sector as well as private sector. However, the extent of their applicability varies as per nature of business, scale of business, etc.
- 2. General guidelines:** Management principles are guidelines to actions but these principles do not provide readymade solution for any problem because real business situations are very complex and unique. However, the importance of principles cannot be underestimated because even a small guideline help to solve the problem.
- 3. Formed by practice and experiments:** The management principles are developed only after deep and thorough research work. They are not developed overnight. Proper observations and experiments are conducted before developing them. Therefore, they are evolutionary in nature.
- 4. Flexible:** Management principles are not a set of rigid statements. These can be modified by the managers who are using them as per the requirements of the company.
- 5. Mainly behavioural:** Management principles are formed to guide and influence the behaviour of employees. These principles insist on improving relationship between superiors, subordinates and all the members of organisation. They also establish relations between human and material resources.
- 6. Cause and effect relationship:** Management principles are based on cause and effect that means these principles tell us if a particular principle is applied in a situation, what might be the effect. Although these principles cannot state perfectly absolute result because these are applied on human being but it helps in knowing some ideas about the effect.
- 7. Contingent:** Management principles are contingent or dependent upon the situations prevailing in organisation. Their application and effect depend upon the nature of organisation. The application of principle has to be changed with the change in situation.

Significance/Importance of Management Principles

- (1) Providing managers with useful insight into reality:** Management principles provides the managers with useful insights into real world situations. Management principles act as guidelines for the managers. These principles improve knowledge, ability and understanding of managers under various managerial situations. These principles enable managers to learn from past mistakes and make them more efficient.

(2) Optimum utilisation of resources and effective administration: Human as well as material resources are limited so these resources must be used in such a manner that they give maximum output with minimum cost. Due to cause and effect relations of manager's actions and decisions, the wastage associated with trial and error are minimised.

(3) Scientific decisions: Management principles helps in taking thoughtful and justifiable decisions. They emphasise logics rather than blind faith. Management decisions taken on the basis of principles are free from bias and prejudice. They are based on objective assessment of situations.

(4) Meeting changing environment requirement: Management principles train the managers in implementing the changes in right direction and at right level in the organisation. Although management principles are relative and general guidelines yet by modifying these principles changes can be made in the organisation.

5) Fulfilling social responsibilities: Increased awareness of the public forces businessman specially companies to fulfil their social responsibilities. Management principles not only act as guidelines for achieving organisational objectives but these principles also guide the managers to perform social responsibilities.

6) Management training, education and research: The management principles stress on scientific judgements and logical thinking. As a result, these principles act as base of doing research and development in management studies. As these principles provide organised body of knowledge to perform research work and generate more and more knowledge, they have provided new ideas, imagination and base for research and development.

Scientific Management developed by F.W. Taylor

Meaning of Scientific Management

Scientific management can be defined as "application of science for each and every element of management." In general language it means to apply scientific tools, methods and trained personnel in order to increase the output.

"Scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way." — F.W. Taylor

Principles of Scientific Management

(i) Science, not rule of thumb:

- According to this principle, Taylor insists that each job performed in the organisation should be based on scientific enquiry and not on intuition, experience and hit and miss methods.
- He says that there must be thinking before doing which is not in case of rule of thumb, Rule of thumb means dictatorship of manager whereas scientific decisions are

based on cause and effect and scientific measurement of methods and ways of production.

(ii) Harmony, not discord:

- According to this principle, those who work together in an organisation must work in harmony that is with mutual give and take and proper understanding.
- Generally in every organisation there are two groups of people- workers group and management group and both the groups work as rivals of each other as workers always feel that they are underpaid and are overburdened with the work and management always feels that workers are good for nothing.
- In this principle, Taylor insists that there is need for both the groups to change their attitudes for each other. He insists on mental revolution which means complete change of attitude and outlook for each other.

(iii) Cooperation not individualism:

- This principle is the extension of the harmony not discord. According to this principle, work must be carried on in co-operation with each other, with mutual confidence and understanding for each other.
- To have cooperation management should welcome good suggestions of employees and they should be rewarded for their suggestion. At the same time workers should not go on strike and make unreasonable demands.

(iv) Development of workers to their greatest efficiency and prosperity:

- Industrial efficiency depends upon the efficiency of workers. Worker's efficiency depends upon proper training and their selection.
- Taylor insisted due care should be taken while selecting the employees and after selecting they must be given job according to their qualification.
- Employees must be sent for training from time to time to update their knowledge. This will ensure greatest efficiency and prosperity for both company and workers.

Techniques of Scientific Management

(i) Functional foremanship:

- Foreman is the lowest ranking manager and the highest level worker.
- Taylor suggested the division of factory in two departments: planning department and production department.
- Taylor concluded foreman must be intelligent, educated, energetic, honest, specialised or profession expert.

- All these qualities cannot be found in one person so Taylor stressed on having minimum eight experts, four under each department to order and guide the workers.
- Each foreman, supervisor will be specialised in one aspect of work and while observing and instructing the worker there will be definitely specialisation.

The eight functional experts suggested by Taylor are:

Under planning department:

(a) Route clerk: This foreman is responsible to fix up the sequence of steps for performing mechanical or manual job.

(b) Instruction card clerk: This foreman is responsible for giving general instructions necessary to carry on the job in a specified manner.

(c) Time and cost clerk: This foreman is responsible to fix up the time for starting and completion of job. He also prepares the cost sheet for every job.

(d) Disciplinarian: This foreman is responsible for performance of job in orderly and systematic way.

Four foremen under operational department:

(a) Gang boss: He arranges all the machines, tools and other resources required for performance of the job so that there is no delay.

(b) Speed boss: This foreman assures timely completion of job.

(c) Repair boss: This boss ensures that machines and tools are kept in working conditions.

(d) Inspector: This boss keeps a check on quality control of the output.

(ii) Standardisation and simplification of work:

Standards are the benchmark which must be adhered during production. According to Taylor, scientific methods of production must be selected to develop standard. To set up standard the managers must make use of work study technique which includes time study, motion study and fatigue study.

The objectives of standardisation are:

(a) To reduce a given line of product to fixed type, size and characteristics.

(b) To allow interchangeability of manufactured parts and output among different departments and branches.

(c) To maintain quality standards.

(d) To set up performance standards of men and machine.

Simplification emphasises on elimination of unnecessary diversity of products, size and types:

As more varieties mean more inventory, more type of machinery, more labour cost, etc.; by simplifying the task there can be economy in use of machine, labour, inventory maintenance, etc. It will also help in improving the quality and reduction of cost.

(iii) Method study: The method study technique of scientific management is conducted to find out the one best method or way of performing the job which keeps production cost minimum and makes maximum use of resources of the organisation.

Taylor developed the concept of assembly line by using method study. The objective of method study is to minimise the cost of production and maximise the quality and customer satisfaction. Ford motors used this concept very successfully.

(iv) Motion study: Motion study include study of movements like lifting, putting objects, setting and changing positions which are undertaken while doing a particular job. The scientific technique of motion study is conducted or the objectives of motion study are:

(a) To determine the movements of workers when they are performing the job.

(b) To differentiate between productive and unproductive movements.

(c) For cutting down unproductive and wasteful movements.

(d) To design suitable equipment and tools to minimise the unproductive movements of workers.

5. Time Study: Taylor suggested that the time required to perform the job should not be decided by intuition, will and wish of manager, but Time Study must be conducted to determine the standard time scientifically. To conduct Time Study Taylor suggested to observe an average worker when he is performing the job with a stopwatch in hand and note down the average time taken by the worker in completion of job.

The objectives of time study are:

(i) To find the standard time required to perform a job.

(ii) For setting up the standard target for workers.

(iii) Determining the number of workers required to perform a job.

6. Fatigue Study: To conduct fatigue study, Taylor suggested to observe an average worker when he is performing a job and note down the time when that worker starts getting tired and when his efficiency level starts decreasing, then give him break. This time can be noted

to decide frequency of rest interval and during break after how much time the worker became fresh to rejoin the work can be the time for rest interval. So, if frequency and time for rest interval is fixed by observing workers definitely it will be more scientific.

This technique of scientific management is conducted to find out:

(i) The frequency of rest intervals. (ii) The duration of rest intervals. (iii) The number of rest intervals.

(vii) Differential piece wage system: The scientific technique of differential piece rate system emphasises on paying different rate of wage for efficient and inefficient employees. The technique of differential wage rate system insists on:

(a) Paying different rate of wage to efficient and inefficient employees.

(b) Extra wages paid to efficient employees will motivate them to remain efficient.

(c) Extra wages paid to efficient employees will motivate inefficient employees to come in the category of efficient employees.

(d) When payment is given according to the number of units produced, automatically the production will be maximised.

(viii) Concept of Mental revolution: Taylor said that generally in every organisation workers feel that management exploits them, overburdens them with excess work and pays them less; on the other hand, management feels that workers always grumble, they follow go slow policy, damage the equipment and work carelessly. Both the groups suspect each other. In the technique of mental revolution Taylor stressed that there is need to change the attitude of both the groups drastically. He referred to change as a revolution of mind to develop positive thinking and feeling of co-operation for each other.

Advantages of Scientific Management

Scientific management brings following benefits:

(a) Improves efficiency of business through simplification and specialisation.

(b) Helps in reducing cost of production by eliminating all types of wastages.

(c) Due to decrease in price firm is enable to capture a bigger share in the market.

(d) Mutual understanding and cooperation brings workers and management closer.

(e) More trainings to improve the skill of workers.

(f) Enables the workers to earn more with the introduction of differential piece wage system.

Modern Scientific Techniques

In the present era, many new scientific techniques are developed. The common new techniques are:

(a) Operations research: It was developed during 2nd World War to optimise the deployment of war.

(b) Lean manufacturing: This technique focuses on reducing seven wastes of overproduction, i.e., waiting time, transportation, processing, motion, inventory, scrap and any manufacturing process.

(c) Kaizen: It is a Japanese word which means change for better. It is a daily activity which eliminates hard and difficult task by experimenting scientific methods.

(d) Six sigma: It refers to improving efficiency by reducing quality variations.

(e) Just in time manufacturing: It is an inventory management strategy to improve return and reduce cost.

Principles of Management developed by Fayol

(i) Division of Work: According to this principle the whole work must be divided into small tasks or units and instead of assigning the whole work to one person, one task or unit of work should be assigned to one person according to the capability, qualification and experience of the person. When a person is performing a part of job again and again he will become perfect and specialised in doing that and the efficiency level will improve.

(ii) Authority and Responsibility: Authority means power to take decision. Responsibility means obligation to complete the job assigned on time. According to this principle, there must be balance or parity between the authority and responsibility. Excess of authority without matching responsibility may bring negative results and excess of responsibility without matching authority will not allow the worker to complete his job on time.

(iii) Discipline: Discipline refers to following code of conduct, rules and regulations of employment agreement.

Fayol insists that discipline is required at superior as well as subordinate level. The disciplinary rules shall not be applicable only on subordinates but discipline requires good superiors at every level, clear and fair agreement between superior and subordinates and judicious application of penalties.

(iv) Unity of Command: According to this principle an employee should receive orders from one superior and should be accountable to one superior only because if he is receiving

orders from more than one superior then he will get confused and will not be able to understand that whose orders must be executed first.

Positive effects of this principle:

1. No confusion in the mind of subordinate.
2. No ego clashes.
3. Improves effectiveness in working.

Violation of this principle will lead to following consequences:

1. Confusion in the mind of employee.
2. Subordinate will get chance to escape from his responsibilities by giving excuses.
3. Ego clashes among different superiors.
4. Difficulty in maintaining discipline in the organisation.

5. Unity of Direction: All the units/departments of an organisation should be moving towards the same objectives through coordinated and focussed efforts. Each group of activities having the same objective must have one head and one plan. This ensure unity of action and coordination.

Positive effects of this principle:

1. Achievement of organisational goal.
2. Efforts of all the employees get unified towards one direction only.
3. No overlapping of activities.

Consequences of violation of this principle:

1. Lack of coordination.
2. Wastage of efforts and resources by working in different directions.
3. Difficulty in achieving organisational goal.

6. Subordination of Individual Interest to General Interest: According to this principle the interest of organisation must supersede the interest of individuals or employees. In the organisation all the employees are working with some objectives and there is always an objective of organisation. If the objectives of individual are in the same direction of organisation then there is no problem but if the objectives of both the groups are in different directions then manager must try to reconcile individual interest with organisational goal and if it is not possible then individual goal must be sacrificed for achieving organisational goal.

Positive effects of this principle:

1. Achievement of organisational goal.
2. Coordination between individual and organisational goal.

Consequences of violation of this principle:

1. No achievement of organisational goal.
2. Even employees will also suffer in long run.

7. Remuneration of Persons: According to this principle, employees in the organisation must be paid fairly or adequately to give them maximum satisfaction. The employees should be paid fair wages and salaries, which would give at least a reasonable standard of living. At the same time, it should be within the paying capacity of the company. Remuneration should be just and equitable.

8. Centralisation and Decentralisation: Centralisation refers to concentration of authority or power in few hands at the top level. Decentralisation means evenly distribution of power at every level of management. According to Fayol, a company must not be completely centralised or completely decentralised but there must be combination of both depending upon the nature and size of the organisation.

(ix) Principle of Scalar Chain: Scalar chain means a line of authority or chain of superiors from highest to lowest rank. Fayol insists that this chain must be followed strictly in the organisation for all kinds of communication, no skipping of any one key should be allowed.

(x) Principle of Order: In this principle, order does not mean command but it refers to orderly arrangement of men and material that is a fixed place for everything and everyone in the organisation. Fayol insists that there must be a fixed place to keep every material and thing used in the organisation and fixed place or seat or cabin for every employee of the organisation so that no time and energy is wasted in search of any material or any person.

(xi) Principle of Equity: Equity refers to kind, fair and just treatment to employees. If a manager is biased in dealing with employees then employees will get dissatisfied and will not contribute to their maximum capacity. Kind and fair treatment with workers, ensure loyalty and devotion. There should be no discrimination on the basis of caste, gender, religion language, nationality, etc.

(xii) Stability of Tenure of Personnel: It refers to no frequent termination and transfer. According to this principle, the management must provide the feeling of job security among the employees because with the feeling of insecurity for the job, the employees cannot contribute their maximum. Frequent turnover of employees is bad for organisation and such decision must be taken when they are almost unavoidable.

According to Fayol, personal should be selected and appointed after due and rigorous procedure, but once selected they must be kept at their post for appropriate fixed period of time.

(xiii) Initiative: Initiative refers to taking the first step with self-motivation. Fayol suggested that employees in the organisation must be given an opportunity to take some initiatives in making and executing a plan. It gives immense satisfaction to employees. So managers must welcome the suggestions and ideas of employees before framing the plan.

(xiv) Esprit De Corps: Management must encourage and promote team spirit, unity and harmony. This will bring coordination and cooperation in organisation. A manager should replace "I" with "We". This will give rise to mutual trust and belongingness among team members. It will minimise the need for using penalties.

Fayol Vs Taylor

S1. No.	Basis of difference	Henri Fayol	F. W. Taylor
1.	Perspective	Top level of management	Shop floor level of a factory
2.	Unity of Command	Staunch Proponent	Did not feel that it is important as under functional foremanship a worker received orders from eight specialists.
3.	Applicability	Applicable universally	Applicable to specialised situations
4.	Basis of formation	Personal experience	Observations and Experimentation
5.	Focus	Improving overall administration	Increasing Productivity
6 .	Personality	Practitioner	Scientist
7 .	Expression	General Theory of Administration	Scientific Management