

Chapter - 2.

Principles of Management

- Frederick Winslow Taylor
 - ↳ American mechanical engineer
 - ↳ Scientific management
- ↳ Henry Fayol
 - ↳ French mining engineer
 - ↳ Administrative Principles

Principles of management : The Concept

- A managerial principle is a broad and general guideline for decision making and behaviour.

→ Principles of Management Vs Science

- ↳ Principles of management are flexible

- Principle of science are rigid

deal with human behaviour, the reason why it is to be applied creatively given the demand of the situation is never static, so also technology

- * Infosys headquarters in Bangalore boast of the Asia's largest flat screen in their conference room.

↳ Technique Vs Principle

- ↳ Procedures / methods, which involves a series of steps to be taken to accomplish desired goals

- ↳ Guidelines to take decisions or actions while practicing techniques.

↳ Values Vs Principle

- ↳ Which are acceptable or desirable

- ↳ They are moral connotations

- 14) Spirit of corps :- A manager should replace 'I' with 'we' in all his conversations with workers to foster team spirit.

Taylor's Scientific management.

Fredrick Winslow Taylor (March 20, 1856 - March 21, 1915) was an American mechanical engineer.

Important :-

- 1) 1911 -> The principle of Scientific management was published
- 2) Selected to be the president of the American Society of Mechanical Engineers (ASME) from 1906 to 1907.
- 3) Professor at Tuck School of Business at Dartmouth College founded in 1900
- 4) In 1884 he became an executive at Midvale Steel Company
- 5) In 1898 he joined the Bethlehem Iron company which later became Bethlehem Steel company.
- 6) In 1910 his health started to fall. He died in 1915 due to pneumonia.

Principles of Scientific management

Scientific management means knowing exactly what to do you want ^{men} to do and seeing that they do it in the best and cheapest way.

(i) Science, not rule of thumb :- The more

(vi) Cause and effect relationship :- If a particular principle was applied in a particular situation, what would be its likely effect.
★ Similar interpretation → do mistakes, learn from it and tell others to not to do the same mistake in the same issue.

(vii) Contingent :- Dependent upon the prevailing situation at a particular point of time. **Application of principal** has to be changed as per the requirement. **beingcommerce**

Significance of Principles of management.

(i) Providing managers with useful insights into reality :- Adherence to these principles will add to their knowledge, ability & understanding of managerial situations and circumstances.

→ Enable managers to learn from past mistakes and conserve time by solving recurring problems quickly.

(ii) Optimum utilisation of resources and effective administration :- **Resources are limited**

→ **They have to be put to optimum use.**
maximum benefit, minimum cost

(iii) Scientific decisions :- Decisions must be based on facts, thoughtful and justifiable

→ The employees should be paid fair wages, which should give them at least a seasonal standard of living.

→ It should be within the paying capacity of the company.

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8] Centralisation and Decentralisation

→ The concentration of decision-making authority is dispersal among more than one person is known as decentralisation.

→ There is a need to balance subordinate involvement through centralisation & with managers & retention of final authority through centralisation.

9] Scalar chain :- The formal lines of authority from highest to lowest ranks are known as scalar chain.

10] Order :- People and materials must be in suitable places at appropriate time for maximum efficiency.

11] Equity :- This principal emphasises kindness and justice in the behaviour of managers towards workers
→ no ~~dist~~ discrimination should be there.

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12] Stability of personnel :- Employee turnover should be minimised to maintain organisational efficiency.

13] Initiative :- It means taking the first step with self motivation.

sophisticated the processes greater would be the savings.

(ii) Harmony, not discord :- There should be complete harmony b/w the management and workers. Both should realise that each one is important.

(iii) Cooperation, not Individualism :- This principle is an extension of principle of Harmony not discord.

→ There should be complete cooperation b/w the labour and the management instead of individualism.

(iv) Development of Each and every Person to his or her greatest efficiency and Prosperity :-

→ Each person should be scientifically selected. Then work assigned should be suit his/her physical, mental and intellectual capabilities.

Techniques of Scientific management

1) Functional Foremanship :- Separation of planning and execution functions [with 4 persons each]

↳ Extension of division of work & contradiction of unity of command.

2) [Standardisation & Simplification of work :-

↳ refers to the process of setting standards for every business activity

Simplification :- Aims at eliminating superfluous

R - Remuneration of employees
 U - Unity of command
 S - Subordination of Individual int. to general int.
 S - Scalar chain
 I - Initiative
 A - Authority & Responsibility
 U - Unity of direction
 S - Stability of Personnel
 E - Espirit de corps
 D - Discipline
 C - Centralisation & Decentralisation
 O - Order
 D - Division of work.
 E - Equity

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- 1) Division of work → work is divided into small tasks / jobs. A trained specialist who is **competent** is required to perform each job.
 ↳ It leads to specialisation
- 2) Authority & responsibility → Authority → right to give orders and obtain obedience.
 Four types of Authority :-
 - **official authority** - authority to command
 - **personal authority** - authority of individual manager.
 - Authority is both formal and informal
 - Responsibility → Corollary of authority.
 - Managers require authority commensurate with their responsibility. **There should be a balance b/w authority & responsibility.**

3) Discipline :- It is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation.

4) Unity of Command :- Each participant in a formal organisation should receive orders from and be responsible to only one superior.

Q Why Fayol gave lots of importance to unity of command?

→ He felt that if this principle is violated
[authority is undermined, Discipline is in jeopardy, order disturbed and stability weakened.
→ other principles are violated too.

5) Unity of Direction :- All units of an organisation should be moving towards the same objective through coordination and focused effort.

→ Each group of activities having the same objective must have one head and one plan.

→ It prevents overlapping.

6) Subordination of individual interest to general interest :- The interests of an organisation should take priority over the interests of any one individual employee.

7) Remuneration of Employees :- remuneration should be just and equitable.

Principles → Basic truth or guidelines for behaviour.
2.] values → General rules for behaviour of individuals in society formed through common practice.
Principles → formed after research in work situations, which are technical in nature.

→ FAYOL'S PRINCIPLE OF MANAGEMENT

→ Henri Fayol (1841 - 1925)

→ French management theorist

→ Graduated from the mining academy of St. Etienne in 1860 in mining engineering

→ 19 year old engineer started at mining company 'Compagnie de Commentary - Fourchambault - Decizeville' ultimately acting as its managing director from 1888 to 1918.

Imp. note → 14 principles of management propounded by him were discussed in detail in his book published in 1917, 'Administration Industrielle et Generale'. It was published in English as General and Industrial Management in 1949 and is widely considered a foundational work in classical management theory.

→ For his contribution he is also known as -
Father of General management.

14 principles of management (Henri Fayol)

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varieties, sizes and dimensions while Standardisation implies devising new varieties instead of the existing ones.

3] Method Study :- Objective :- to find out one best way of doing the job, minimise the cost of production & maximise the quality and satisfaction of customer.

→ Assembly line is used by automobile industries.

4] Motion Study :- refers to the study of movements like lifting, sitting etc.

→ Unnecessary movements are sought to be eliminated so that it takes less time to complete the job efficiently.

(i) productive (ii) incidental (iii) unproductive
motion which are

5] Time Study :- determines the standard time taken to perform a well-defined job.

6] Fatigue Study :- determines the amount and frequency of rest intervals in completing a task.

7] Differential Piece wage System :- F.W. Taylor introduced different rate of wages payment for those who performed above standard and for those who performed below standard.

in terms of intended purposes.

- (iv) Meeting changing environment requirements :-
Management principles are dynamic flexible to adapt to dynamic business environment
- (v) Fulfilling social responsibility :- Increased awareness of public, forces business especially limited companies to fulfill their social responsibility
- (vi) Management training, education and research :-
Management theory is used as a basis for training, education & research. These principles provide basic groundwork for the development of management as a discipline.