



Unit- 2 : PRINCIPLES OF MANAGEMENT

Summary of the Chapter

Management principles: Principles of management are general guidelines for managerial decision- making.

Nature

- (1) They have universal applicability in all types of organisations.
- (2) They are formed by practice and experimentation.
- (3) They are flexible and can be modified by the manager when the situation so demands.
- (4) They are aimed at influencing human behaviour; so they are mainly behavioural in nature.
- (5) The applications of the principles of management is contingent or dependent upon the prevailing situation at a particular point of time.

Significance

- (1) They provide the managers with useful insights into reality.
- (2) They help in optimum utilisation of resources and effective administration.
- (3) They help to take scientific decisions.
- (4) They help in meeting changing environment requirements.
- (5) They help in fulfilling social responsibility.
- (6) They are used as a basis for management training, education and research.

Fayol's principles of management

- (1) **Division of work:-** work should be divided into small tasks / jobs; each performed by a specialist or trained employee.
- (2) **Authority and responsibility:-** 'authority' means the right to give orders and obtain obedience 'responsibility' means obligation to perform the job assigned on time. Fayol suggested that there must be a balance between authority and responsibility.
- (3) **Discipline:-** it means obedience to organisational rules and employment agreement.
- (4) **Unity of command:-** an employee should receive orders / instructions from one and only one boss or superior.
- (5) **Unity of direction:-** all the units of an organisation should be moving towards the same objectives through coordinated and focused efforts.
- (6) **Subordination of individual interest to general interest:-** the interest of the organisation should supersede the interest of anyone individual employee.
- (7) **Remuneration of employees:-** remuneration of employees should be just and equitable to provide maximum satisfaction to the employees as well as employer.



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- (8) **Centralisation and decentralisation:-** the concentration of decision- making authority by top management is called centralisation, whereas delegation of authority throughout all the levels of the organisation is called decentralisation. There should be a balance between centralisation and decentralisation.
- (9) **Scalar chain:-** the formal lines of authority from highest to lowest rank are known as 'scalar chain' suggests that communication from top to bottom should follow the official lines of command. Gang plank is a shorter route and has been provided so that communication has not delayed.
- (10) **Order:-** it means –There should be a fix place for every person and everything in the organisation and each person and every thing should be at its definite place.
- (11) **Equity:-** the principles of 'equity' emphasises kindness and justice in the behaviour of managers towards workers, i.e., no discrimination on account of sex, caste, language, etc.
- (12) **Stability of personnel:-** employees should not be moved from their positions frequently, they should be given reasonable time to show results.
- (13) **Initiative:-** employees should be encouraged to make and execute plans within the prescribed limits of authority.
- (14) **Espirit de corps:-** Fayol emphasises the need for team work, spirit of unity and harmony among employees.

Scientific Management: Principles and Techniques

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

Principles

1. **Science, not rule of thumb** – Taylor believed that there was only one best method to maximise efficiency, which can be developed through scientific study.
2. **Harmony, not discord:** There should be complete harmony between the management and workers.
3. **Cooperation, not individualism:** every employee should work in the organisation with full cooperation not for individual interest only.
4. **Development of each and every person to his/her greatest efficiency and prosperity:** Each person should be scientifically selected. They should be given required training to learn best method.

Techniques

Functional foremanship-Taylor suggested activities of factory workers should be observed by eight type of specialised foremen. He divided the work of factory in two departments:

Planning department with Instruction card clerk, route clerk, time and cost clerk and discipline officer



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Production department: Gang boss, speed boss, repair boss and Inspector

Standardisation and simplification of work

Fatigue study – It seeks to determine the amount and frequency of rest intervals in completing a task.

Method study – Objective of method study is to find out one best way of doing the job.

Time study – It determines standard time taken to perform a well- defined job.

Motion study - It refers to the study of movements so that unproductive movements may be eliminated.

Differential piece wage system: It differentiates between efficient and less efficient workers on the basis of two wages rates-high and low wages rates. It rewards the efficient workers and motivates the less efficient ones to perform better.

Very Short Answer Questions (1 mark)

Q1. “Workers should be encouraged to develop and carry out their plans for development”. Identify the principle of management formulated by Fayol.

Ans. Principle of initiative.

Q2. How do the techniques of ‘motion study’ help to improve the efficiency of workers?

Ans. By eliminating unnecessary and wasteful movements on the job.

Q3. What is the objective of standardisation?

Ans. To increase the efficiency of workers

Q4. What is meant by ‘mental revolution’ according to Taylor?

Ans. According to Taylor, mental revolution means a complete transformation in the attitude between management and workers. Both should realize that they need each other.

Q5. Which principle of management envisages that each group of activities having the same objectives must have one head and one plan? Explain the principle with a suitable example.

Ans. Unity of Direction.

Q6. Why is it said that principles of management are flexible?

Ans. Because these can be modified by the manager when the situation so demands

Q7. Name the technique of scientific management which focuses on separation of planning and execution function.

Ans. Functional Foremanship.

Q8. What is the objective of method study ?

Ans. To find out ‘one best way’ of doing job.



Q9. What is the objective of 'Time Study'?

Ans. To determine the standard time required to perform a certain job so as to fix a fair day's work for the workman.

Short Answer Questions (3-4 marks)

Q1. The directors of Bhupender Ltd. an organisation manufacturing computers want to double the sales & have given this responsibility to their sales manager. The sales manager has no authority either to increase the sales expenses or appoint new salesman. Hence he could not achieve this target. Is the sales manager responsible for not achieving the target? Explain in brief, the relevant principle in support of your answer.

Ans. No, the sales manager is not responsible because he has no authority either to increase the sales expenses or appoint new salesmen. In this case, the principle of 'Parity of Authority and Responsibility' is violated.

Authority means the right to orders & obtain obedience. There are two types of authority (a) Official authority i.e. authority to command & (b) Personal authority which is the authority of the individual manager. 'Responsibility' means obligation to perform the job assigned on time. Fayol suggested that there must be balance between authority and responsibility. Giving authority without responsibility may lead to irresponsible use of authority. So an organization should build safeguards against abuse of managerial power.

Q2. Sita and Geeta are typists in a company having same educational qualifications. Sita is getting Rs. 3000 per month and Geeta Rs. 400 per month as salary for the same working hours. Which principle of management is violated in this case? Name and explain the principle.

Ans. **Principle of Equity.**

The principle of 'Equity' emphasizes kindness and justice in the behaviour of managers towards workers. According to Fayol, employees can be made to put in their best only when they are given kind, fair and just treatment.

Q3. The production manager of Bharat Ltd. instructs a salesman to go slow in selling the product, whereas the marketing manager is insisting on fast selling to achieve the target. Which principle of management is being violated in this case? State the consequences of violation of this principle.

Ans. Unity of Command

Consequences of Violation:-

If an employee gets orders from two superiors at the same time i.e., principle of unity of command is violated.

- i) authority is undermined
- ii) discipline and order is disturbed
- iii) stability is threatened



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- iv) conflict among superiors
- v) loyalty of employee is divided
- vi) employees will remain in confusion regarding whose tasks to be done. He will have option for excuses.

Q4. If an organization does not provide the right place for physical & human resources in the organization, which principle is violated? What are the consequences?

Ans. Principle of order, Consequences:

1. Violation of material order leads to wasteful movement of materials & tools.
2. If social order is violated, it may not be easy to contact the needed employee.

Q5. Nikita and Salman completed their MBA and started working in a multinational company at the same level. Both are working hard and happy with their employer. Salman had the habit of backbiting and wrong reporting about his colleagues to impress his boss. All the employees in the organisation knew it. At the time of performance appraisal Nikita was judged better than Salman. Even then their boss, Mohammad Sharif decided to promote Salman stating that being a female Nikita will not be able to handle the complications of higher post.

- i) Identify and explain the principle of management which was not followed by this company.
- ii) Identify the values which are being ignored by the company.

Ans. (a) The principle violated is equity. It advocates that there should be no discrimination against anyone on account of sex, religion, language, caste, belief and nationality etc. it emphasizes kindness and justice in the behaviour of manager towards their workers to ensure loyalty and devotion.

(b) The values which are being ignored are:

- (i) Good human behaviour because 'Salman had the habit of backbiting and wrong reporting about his colleagues to impress his boss.'
- (ii) Gender equality because 'their boss decided to promote Salman stating that being a female Nikita will not be able to handle the complication of higher post.'

Q6. Explain the following principles of management given by Fayol.

- (a) Unity of command
- (b) Order

Ans. (a) Unity of command

- There should be one and only one boss for every individual employee.
- If an employee gets order from two superior at the same time, the principle is violated.
- Consequences of violation: authority is undermined, discipline is in jeopardy, order is disturbed, and stability is threatened.



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(b) Order

- People and material must be in suitable places at appropriate time for maximum efficiency.
- It means 'a place for everything (everyone) and everything (everyone) in its (his/her) place' i.e. orderliness.
- **Benefits of the principle:** no hindrance in the activities of business, increased productivity and efficiency.

Q7. The production manager of an automobile company asked the foreman to achieve a target production of 200 scooters per day. But he did not give him the authority to requisition tools and materials from the stores department. Can the production manager blame foreman if he is not able to achieve the desired target? Explain briefly the principle relating to the situation.

Ans. The principle is authority and responsibility. No, the production manager cannot blame the foreman because he did not give him the authority to requisition tools and material from the stores department since he has no authority, he cannot fulfil his responsibility.

Q8. ABC Ltd. is engaged in producing electricity from domestic garbage. There is almost equal division of work responsibility between worker and management. The management even takes workers into confidence before taking important decisions.

- (a) State the principle of management described in the above para.
- (b) Identify any two values which the company want to communicate to the society.

Ans. (a) The principle of Taylor described in the above para is cooperation, not individualism. It states that there should be complete cooperation between workers and the management. Competition should be replaced by cooperation.

- (b) Values which the company wants to communicate with society
 - Good behaviour in human interaction. Concern for the environment.

Long Answer Questions (5/6marks)

Q1. Explain the nature of management principles.

Ans. Nature of management principles can be described as follows:

- (i) **Universal Applicability:** The principles of management are applicable to all types of organisations irrespective of their size and nature.
- (ii) **General Guidelines:** They are only guidelines for action and don't provide direct or readymade solution for a managerial problem.
- (iii) **Formed by practice and experimentation:** The principles of management have been developed through experimentation as well as experience and wisdom of managers.
- (iv) **Flexible:** They are flexible i.e. they can be modified by the managers according to a given situation.



- (v) **Mainly behavioral:** They are mainly behavioral in nature since they are devised to influence human behaviour.
- (vi) **Cause and effect relationship:** The principles of management establishes relationship between cause and effect. They guide us as to what would be the effect if a particular principle were to be applied in a given situation.
- (vii) **Contingent:** The use of principles of management is contingent or dependent upon the prevailing conditions.

Q2. Explain the importance of management principles.

Ans. The importance of management principles can be understood by considering the following points:

- (i) **Provide useful insights to manage:** Principles of management help in increasing managerial efficiency by adding to their knowledge and ability to understand the various situations more objectively.
- (ii) **Optimum Utilization of Resources and effective administration:** Management principles help in organizing various activities in such a way that results in elimination of unwanted activities and consequent wastage. Management principles help in managing organizations effectively. For example, Unity of Command helps to avoid confusion and conflicts. Unity of direction ensures unity of actions to facilitate coordination.
- (iii) **Scientific decisions:** They help the managers in taking the decisions based on the objective assessment of a situation. Thus decisions taken are logical and free from any bias and prejudice.
- (iv) **Meeting changing environment requirements:** Though the principles are only guidelines for action yet they can be modified according to the need of changing situations. Thus principles of management help in meeting changing requirements of the environment.
- (v) **Fulfilling social responsibilities:** Principles of management have been devised in such a way that they help in fulfilling social responsibilities.
- (vi) **Management training, education and research:** Principles of management are the fulcrum of management theory so that they are used as a basis for management training, education and research.

Q3. How do the techniques of scientific management improve the productivity of workers

Ans. The technique of scientific management has helped in improving the productivity of the workers in the following manners

1. It establishes better relations between labour and management.
2. Profit is increased many times due to effective integration of right men, materials, money and method.



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3. The use of standardized raw materials, equipments, machines and method produce standard article at minimum possible price.
 4. It enables the management to reduce the cost of production
 5. It helps in providing better working condition and higher standard of living.
- Q4. Kushal Ltd. is a leading automobile company in which the various department are setting up their own objective without paying any interest to the organizational objectives.
- I. Which aspects of management of company is lacking? What will be impact on the organization?
 - II. Identify the principle of management which has been over looked by the organization.
 - III. State any two value which is neglected by the people of organization.
- Ans. I. The company is lacking 'coordination'. Its different department like production, marketing, etc. do not coordinate this work in absence of coordination; these will be overlapping and chaos instead of harmony and integration of activities. The company will fail to achieve its objectives.
- II. Subordinate of individual interest to general interest.
- Values -Mutual cooperation, unity of action, optimum utilization of resources.