CHAPTER. 2: PRINCIPLES OF MANAGEMENT

Topics to be Covered

Principle of management → concept, nature, significance

- **Taylor's Scientific Management**
  →Meaning
  →Principles
  →Techniques
  - Concept of Mental Revelation
  - Advantage of Scientific Management
  - Modern Scientific Techniques

- **Fayer's Principles of management**
  - Meaning
  - Principles

Introduction:

The evolution of management thought has been very fascinating. In this chapter we will study the contributions of **Fredrick Winslow Taylor** and **Henri Fayol** who as you have read are associated with the classical management theory. Both of them contributed immensely towards the study of management as a discipline. Whereas **F.W. Taylor** was an American mechanical engineer, Henri Fayol was a French mining engineer. Taylor gave the concept of 'Scientific Management' whereas Fayol emphasised 'Administrative Principles'.



❖ PRINCIPLES OF MANAGEMENT

★ THE CONCEPT:

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

For example, while deciding about promotion of an employee one manager may consider seniority, whereas the other may follow the principle of merit.

Management Principles vs. Pure Science Principles

Basis	Management Principles	Pure Science Principles
Flexibility	Very Flexible	Rigid
Manner	Management Principles are applied with creativity.	Scientific Principles are applied in absolute or static manner.
Adaptability	Management Principles have to keep pace with changes in environment.	Scientific Principles do not change with time.

Management Principles vs. Management Techniques

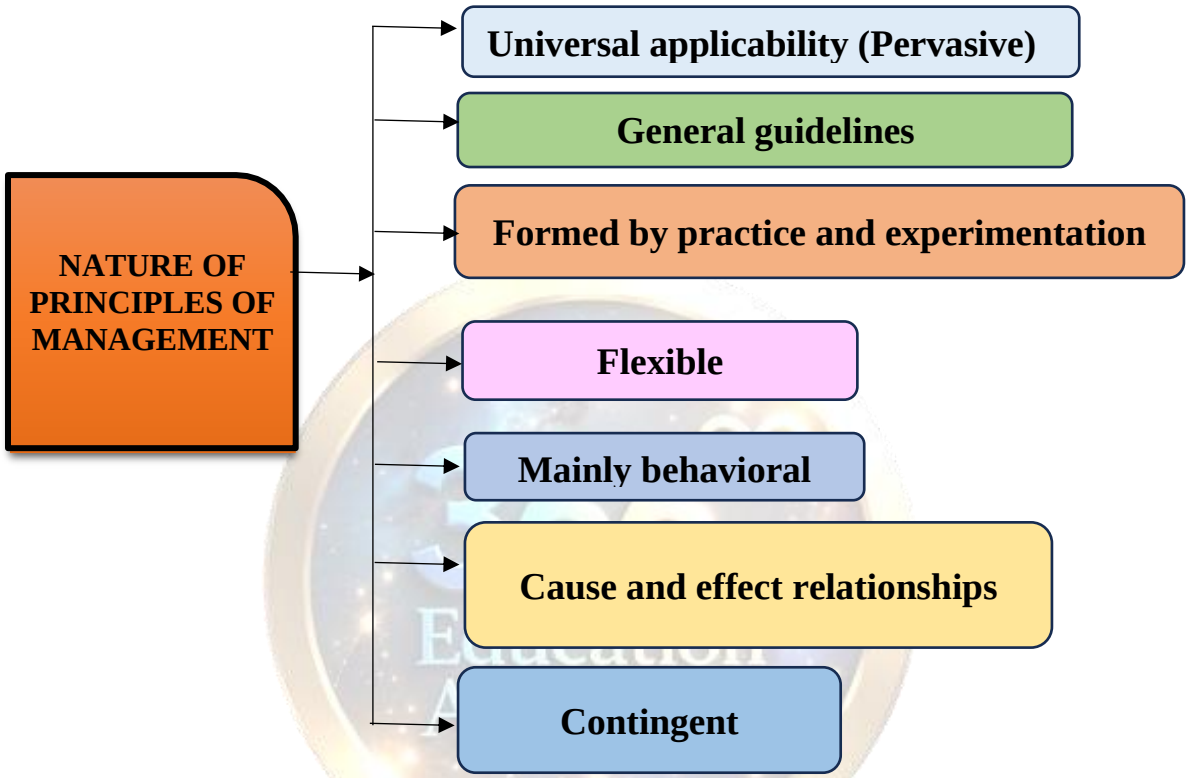
Management Principles	Management Techniques
Management Principles are guidelines for action.	Management Techniques are methods and procedures which involve series of steps to be performed to accomplish goal.
Management Principles are more flexible.	Management Techniques are less flexible.

Management Principles vs. Values

Management Principles	Values
Management Principles are Guidelines for managerial action.	Values are general rules for behaviour.
Management Principles are technical in nature as these are formed after research in work situation.	Values are ethical in nature as behaviour of people have to fulfil social and ethical responsibilities towards society.

★ NATURE OF PRINCIPLES OF MANAGEMENT:

Principles are general propositions, which are applicable when certain conditions are present. These have been developed on the basis of observation and experimentation as well as personal experiences of the managers. The following points summarise the nature of principles of management.



1. **Universal applicability (Pervasive):**
   It intended to apply to all types of organisations, business as well as non-business, small as well large, public sector as well as private sector, manufacturing as well as the services sectors. However, the extent of their applicability would vary with the nature of the organisation, business activity, scale of operations and the like.
   This principle is also applicable to a limited company where there are separate departments like Production, Finance, Marketing and Research and Development etc. Extent of division of work, however, may vary from case to case.

   Example:
   A principle like **Division of Work** is used in different organisations:

- In a Tata Motors factory, separate departments are created for production, finance, marketing and research to increase efficiency.
- In a hospital, doctors, nurses, pharmacists and administrative staff perform specialised functions according to their expertise.

2. General guidelines:

The principles are guidelines to action but do not provide readymade, straitjacket solutions to all managerial problems. This is so because real business situations are very complex and dynamic and are a result of many factors.

Example:

A manager cannot use the same method to motivate all employees.

- Some employees may be motivated by salary increase.
- Others may be motivated by promotion or appreciation.

3. Formed by practice and experimentation:

The principles of management are formed by experience and collective wisdom of managers as well as experimentation. Management Principles weren't develop overnight in a lab. They were developed through years of deep observation and repeated experimentation by management expert in actual work condition.

Example:

Frederick Winslow Taylor developed the principle of scientific management after observing workers in factories and conducting experiments to find the best method of doing work.

Similarly, Henri Fayol developed management principles from his practical experience as a manager.

4. Flexible:

The principles of management are not rigid prescriptions, which have to be followed absolutely. They are flexible and can be modified by the manager when the situation so demands. They give the manager enough discretion to do so.

Example:

During the COVID-19 pandemic, many companies allowed employees to work from home instead of following the traditional office system.

This shows that management principles are flexible and can change according to circumstances.

5. Mainly behavioral:

Since Management, is all about getting work done through people, these Principles aims to influence human behavior. They help in Improving the relationship between superior and subordinate and among the workers themselves.

Example:

A manager who treats employees with respect, listens to their problems and appreciates good work creates better relations and improves employee morale and productivity.

6. Cause and effect relationships:

These Principles tell us if a particular principle was applied in a particular situation, what would be its likely effect. In real life, situations are not identical. So, accurate cause and effect relationships may be difficult to establish.

Example:

If there is proper division of work, efficiency increases because employees become specialised in their tasks.

Here:

- Cause → Division of work
- Effect → Increase in efficiency

7. Contingent:

The application of principles of management is contingent or dependent upon the prevailing situation at a particular point of time. The application of principles has to be changed as per requirements.

Example:

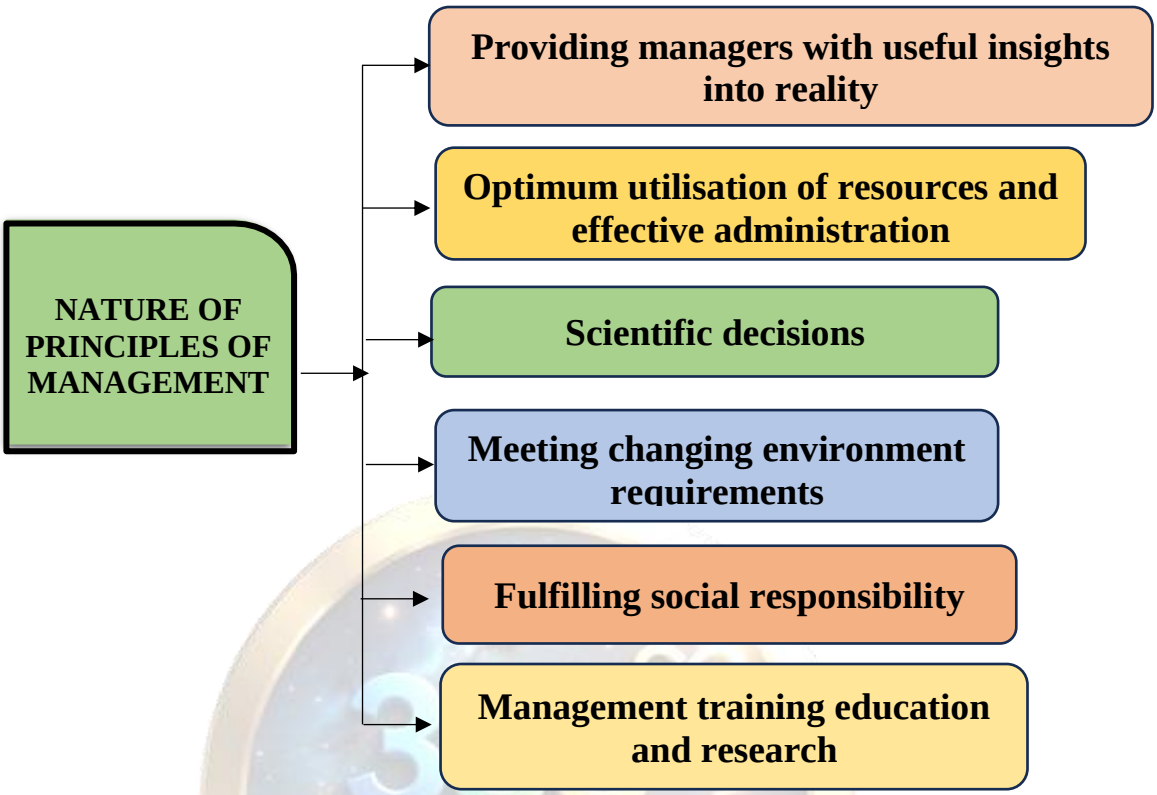
A small business may follow centralised decision-making where the owner takes all decisions, while a large multinational company may follow decentralisation by giving authority to different managers.

Thus, the application of management principles changes according to the size and nature of the organisation.

Quick Revision

Feature	Key Idea
Universal	Applicable everywhere.
General	Not a fixed formula, just a guide.
Experimental	Built on experience and trial.
Flexible	Can be changed as per need.
Behavioural	Focuses on human interaction.
Cause & Effect	Predicts the outcome of an action.
Contingent	Changes as per the requirement

★ SIGNIFICANCE OF PRINCIPLES OF MANAGEMENT:



The significance of principles of management can be discussed in terms of the following points:

1. **Providing managers with useful insights into reality:**
   These principles act as guide for managers. They help them to learn from past mistakes and provide a vision for solving recovering problem. This improve managers knowledge & understandings of various managerial situation.

   Example: A manager keeps buffer stock after learning from past supply delays.

2. **Optimum utilisation of resources and effective administration:**
   Resources both human and material available with the company are limited. They have to be put to optimum use.

   - **Optimum utilization:** It mean that the resources should be put to use in such a manner that they should give maximum benefit with minimum cost.
   - **Effective administration:** The wastages associated with a trial-and-error approach can be overcome, necessitates impersonalisation of managerial conduct so that managerial power is used with due discretion.

Example:
Optimum use: A factory uses modern machines to reduce wastage.
Effective administration: A hospital adopts digital records to avoid duplication.

3. Scientific decisions:

Decisions must be based on facts, thoughtful and justifiable in terms of the intended purposes. They must be timely, realistic and subject to measurement and evaluation. Management principles help in thoughtful decision-making.

Example: A retail chain chooses store locations based on market research data.

4. Meeting changing environment requirements:

Although the principles are in the nature of general guidelines but they are modified and as such help managers to meet changing requirements of the environment. management principles are flexible to adapt to dynamic business environment.

Example: A phone company shifts from keypad phones to smartphones.

5. Fulfilling social responsibility:

The increased awareness of the public, forces businesses especially limited companies to fulfill their social responsibilities. Management theory and management principles have also evolved in response to these demands.

Example: A chemical company installs pollution-control equipment.

6. Management training, education and research:

Principles of management are at the core of management theory. As such these are used as a basis for management training, education and research.

Example: MBA programs teach principles of management through case studies.

- As a basis for management training (like in MBA Program)
- To conduct research on new management techniques.
- To provide the foundation for entrance exams & professional course.

Quick Revision

Significance	Why it Matters
Insights	Helps managers learn from the past.
Resources	Saves money and prevent wastage.
Scientific	Decisions are based on logic, not luck.
Adaptation	Helps the company survive changes.
Social	Promotes fairness and ethics.
Education	Used to teach future managers.

❖ TAYLOR'S SCIENTIFIC MANAGEMENT

Fredrick Winslow Taylor, often called the **"Father of Scientific Management"**
He revolutionized the way work done in factories. Before him, managers or factory owners relied on guesswork referred as "Rule of Thumb" which result in problem of Trial and Error approach.
Taylor insisted that there is a "science for every small element of work & he developed scientific management – a solution to overcome rule of thumb.

➢ **EXAM TIP (Ask in MCQ)**



About Fredrick Winslow Taylor

- **His Title: Father of Scientific Management.**
- **His Profession: He was on American Mechanical Engineer.**
- **His Philosophy: He published his book, "The principle of scientific Management" in 1911**
- **The Problem he solved: He focused on improving shop – floor (factory level) efficiency.**

★ MEANING OF SCIENTIFIC MANAGEMENT:

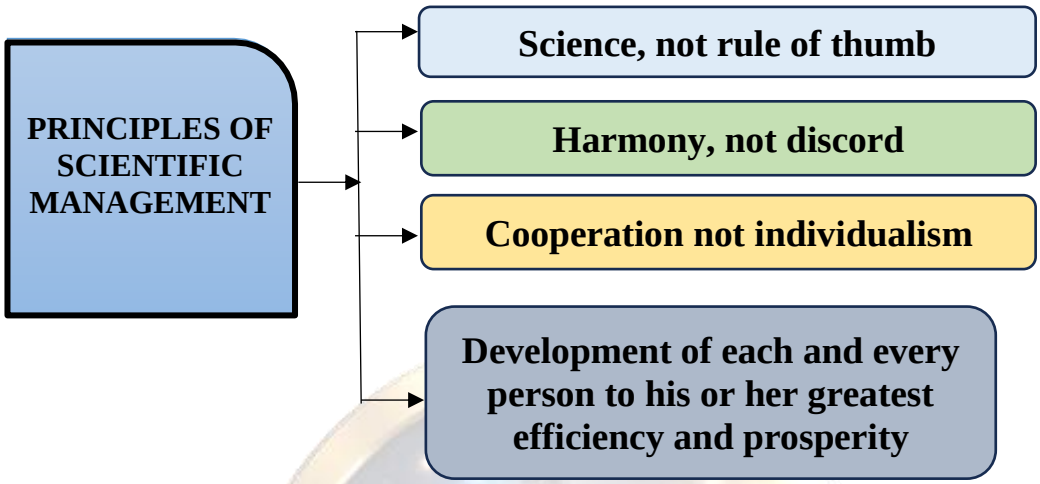
Scientific management can be defined as "application of science for each and every element of management." In general language it means to apply scientific tools, methods and trained personnel in order to increase the output.

Definition – "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

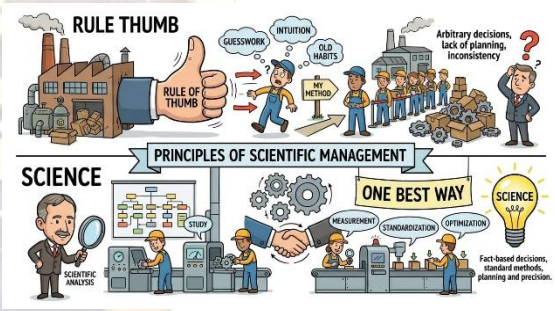
★ PRINCIPLES OF SCIENTIFIC MANAGEMENT:

Taylor formulated four principles of scientific management which are explained below:



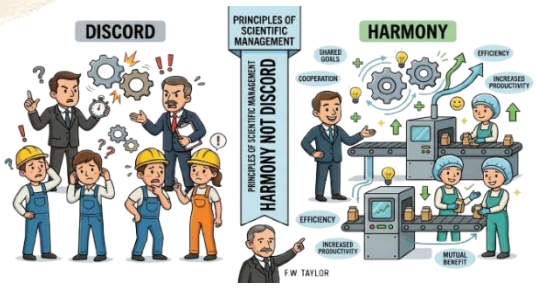
(i) Science, not rule of thumb:

According to Taylor, even a small production activity, like loading pigs of iron into boxcars, can be scientifically planned and managed.
In present context, the use of Internet has brought about dramatic improvements in internal efficiency and customer satisfaction.



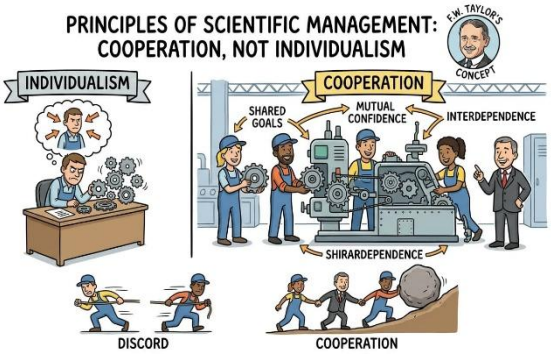
(ii) Harmony, not discord:

According to the principle, those who work together in an organization must work in harmony that is with mutual give and take and proper understanding. Generally in every organization there are two groups of people-workers group and management group and both the groups work as rivals of each other discord.



In this principle, Taylor insisted that there should be complete harmony between the two. Taylor called for a **"Mental Revolution".**
Mental Revolution means complete change of attitude & outlook for each other, Both side should change their thinking management should share gain with workers, & worker should work hard for the Company's prosperity.

(iii) Cooperation not individualism:



This principle is the extension of the harmony not discord. It emphasizes team spirit over individual competition. According to this principle, work must be carried on in co-operation with each other, with mutual confidence and understanding for each other. Management should involve worker in decision making (like setting standards, target, etc.) Also worker should desist from going on strike & making unreasonable demand. According to Taylor, there should be an almost equal division of work and responsibility between workers and management. This principle insist on sharing of work. All the day long the management should work almost side by side with workers helping, encouraging and smoothing the way for them.

(iv) Development of each and every person to his or her 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.

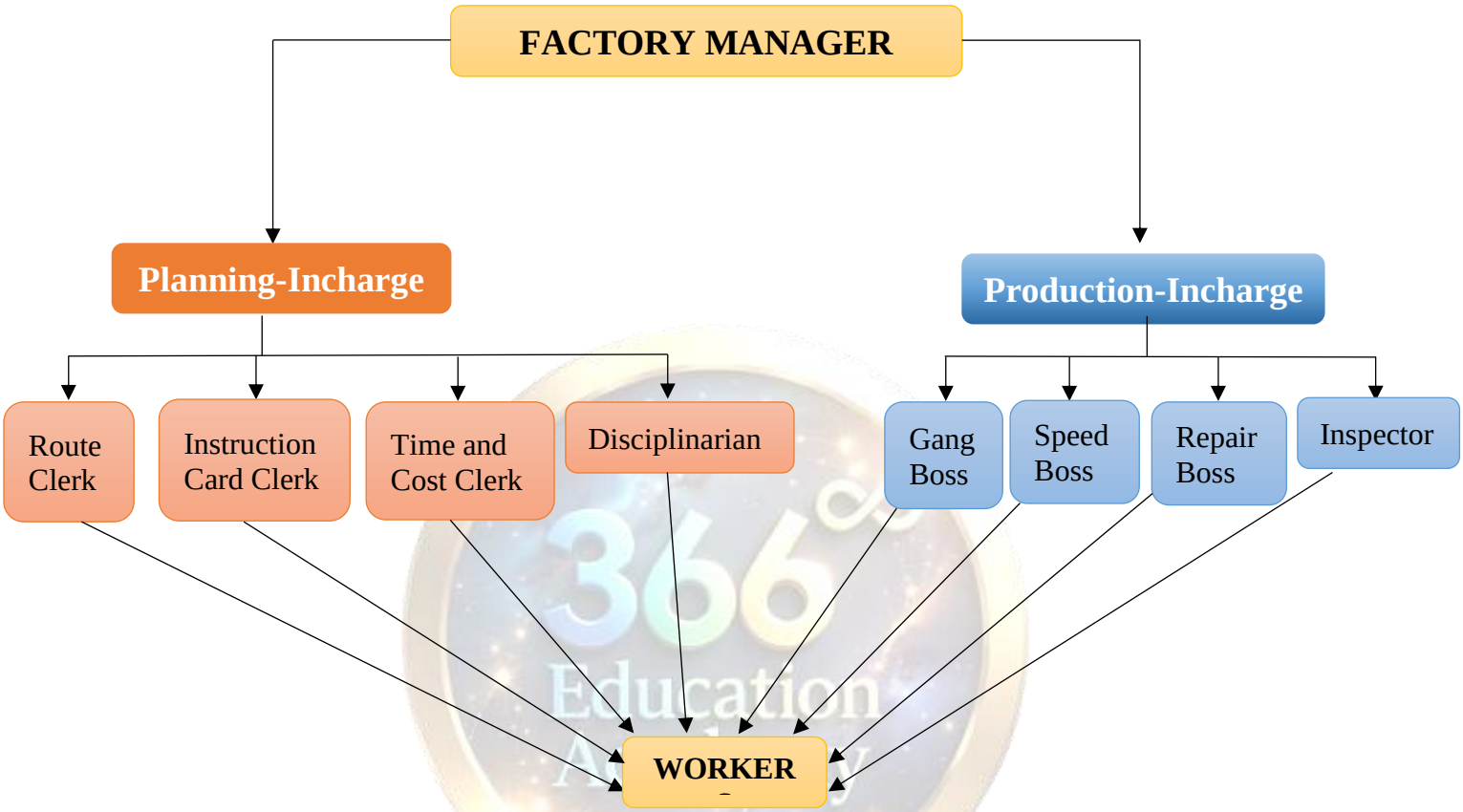
★ TECHNIQUES OF SCIENTIFIC MANAGEMENT:

Along with scientific principles, Taylor developed some scientific techniques by conducting various experiments at his work place. While principles are theory these techniques are action plan.

(i) Functional foremanship:

Foreman is the lowest ranking manager and the highest level worker. He represents the managerial figure with whom the workers are in face to face contact on a daily basis. Taylor suggested the division of factory in two departments: **planning department and production department** as Taylor felt that workers must be free from the burden of planning and they must concentrate on work and production. To develop specialization in the productivity, Taylor suggested under each department there must be some functional experts to supervise, guide and instruct the worker. Taylor concluded foreman must be intelligent, educated, energetic, honest, specialized 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. So, this technique is the extension of principle of division of labour.

Example:
In a garment factory, one supervisor checks quality, another plans work, another maintains machines and another gives work instructions to workers.



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 departments:**

(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. Taylor emphasized that when every foremen instructs and orders, the worker's efficiency will improve.

(ii) Standardisation and simplification of work:

Scientific management always emphasises on maintaining standards relating to every step of business operation. Standardisation of output is possible if standard is maintained right from selection of tools, equipment and machine to use. Standardisation does not mean only quality standard but it refers to setting up standards for size, type, weights, measures and quality of product. According to Taylor, scientific methods of production must be selected to develop standard.

Example:
McDonald's uses the same size, recipe and cooking process for burgers in every outlet to maintain uniform quality.

- **The objective 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:**

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 minimize the cost of production and maximise the quality and customer satisfaction. Ford motors used the concept very successfully.

Example:
In a car manufacturing company, the assembly line method is used so that each worker performs one specialised task, reducing production cost and saving time.

(iv) Motion study:

Motion study includes study of movements like lifting, putting objects, setting and changing positions which are undertaken while doing a particular job.

(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.

Taylor and his associate Frank Galiberth were able to reduce motions in brick layering from, 18 to just 5. Taylor demonstrated increase in productivity by four times by this process.

Example:
A worker in a factory keeps tools near the workplace to avoid unnecessary movement and save time and energy.

(v) Time study:

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 worker.
(iii) Determining the number of workers required to perform the job.
Taylor suggested that the time required to perform the job should not be decided by intuition, and wish of manager, but Time Study must be conducted to determine the standard time scientifically.

Example:
A manager studies how much time a worker takes to pack one box and then fixes the standard time for packing work.

(vi) Fatigue study:

This technique of scientific management is conducted to find out:
(a) The frequency of rest intervals.
(b) The duration of rest intervals.
(c) The number of rest intervals.

Taylor suggested that the time period and frequency of rest interval should not be decided by the wish and experience of manager but to give a scientific approach fatigue study must be conducted. 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. There can be many causes for Fatigue like long working hours doing unsuitable work, having uncordial relations with boss or had working conditions etc. such hindrances (Problems) should be removed.

Example:
Employees in a call centre are given short tea and lunch breaks after fixed intervals so that they do not get tired and can work efficiently.

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

Taylor suggested that the company must fix a standard rate of wage for workers producing standards output or their target. The workers who produce more than the standard-target must be paid with a higher rate of wage and those who are producing less than standard output must be paid with a rate less than standard rate.

Example:
A factory fixes a target of producing 100 units per day:

- Workers producing more than 100 units get higher wages.
- Workers producing less than 100 units get lower wages.

★ CONCEPTS OF MENTAL REVOLUTION:

The objectives of mental revolution are:

(a) Change in mental attitudes of workers and management towards each other.
(b) Co-operation between workers and management.
(c) Ruling out feeling of suspicion or prejudice from the minds of workers and management to adapt systematic thinking.

Taylor said that generally in every organisation workers feel that management exploits them. On the other hand, management feels that workers always grumble. 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:

(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 price 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 optimize 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.

Difference between Time Study and Motion Study

Sr No.	Basis	Time Study	Motion Study
1.	Meaning	Time study is concerned to find out the standard time for performing a task.	Motion study is conducted to find out total movements of workers while they are performing the work.
2.	Purpose	The purpose of time study is to find out standard time to fix a fair day's work for the workers.	The purpose of motion study is to eliminate wasteful and unproductive movements of workers to increase their efficiency level.
3.	Methods of conducting	It is conducted with the help of a stop watch.	It is conducted with the help of a movie camera which keeps eye on worker's movements.

Students Notes

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❖ FAYOL'S PRINCIPLES OF MANAGEMENT

Henry Fayol is known as "Father of General Management", He developed 14 Principles of Management that provide a systematic way for managers to manage an organisation efficiently. Henry Fayol believes if worker's efficiency mattered in the factory system, so does the managerial efficiency. Fayol explained what principle's must be followed by manager and what amount of work, he must perform. His principles continue to have improvement in managerial efficiency

➢ **EXAM TIP (Ask in MCQ)**



- **Profession:** He was a French mining engineer and a leading industrialist.
- **Title:** "Father of General Management"
- **Major work:** His Principles were first published in his book**, General & industrial Management (1916).**
- **Perspective:** His principles are developed from **Top level Management perspective** (Managerial view point).

⋆ MAJOR CONTRIBUTIONS OF FAYOL:

Henry Fayol becomes famous as **"Father of Management Studies and Thoughts",** because of the following contributions.

(a) He made clear distinction between technical and managerial skills.
(b) He identified the main steps in the process of management which are considered the major functions of management- planning, organising, staffing, directing, controlling.
(c) He developed fourteen principles of management which act as guidelines for managers to perform managerial activities.



⋆ 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 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. Fayol said not only the factory work but technical, managerial and skill jobs should also be divided into small segments for specialisation.



Example:

In a hospital, different doctors handle different specialties like heart, eye and bone treatment.

(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 (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.

Example:

A sales manager is given authority to make sales decisions and responsibility to achieve sales targets.

(iii) Discipline:

Discipline refers to obedience, Following code of conduct, rules and regulations of employment agreement.

- **Discipline requires:**
  - i. Good superior at all levels.
  - ii. Clear and fair agreement among subordinates and superior.
  - iii. Meeting commitments at all levels.
  - **iv.** Judicious application of penalties.
  - **v.** Fayol insists that discipline is required at superior as well as subordinate level.

Example:

Employees coming to office on time and following company rules show discipline.

(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. Fayol felt if this principle is violated then authority is undermined; disciple is jeopardy (fail), order disturbed and stability threatened.



Example:

A worker receives instructions only from the production manager and not from many supervisors.

(v) Unity of Direction:

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

Example:

All marketing employees work under one marketing manager with one advertising plan.

Basis	Unity of Command	Unity of Direction
1. Meaning	One subordinate must receive orders from one boss and should be responsible to one superior only.	Each group of activities having some objectives must have one head and one plan.
2. Aim	It prevents dual subordination.	It prevents over-lapping and one plan.
3. Implication	It affects an Individual employee.	It affects the entire organization.

(vi) 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 managers 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.

Example:
An employee cancels his leave during an emergency project for the benefit of the company.

(vii) Remuneration of Employees:

According to this principle, employees in the organization 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. This will ensure congenial relations between workers and management. The fair wage is determined according to:

1. Financial capacity of the concern.
2. By keeping in mind the minimum wage act of government.
3. The wage and salaries paid by the competitors.

Example:
A company pays fair salary, bonus and incentives to employees according to their work.

(viii) Centralisation and Decentralisation:

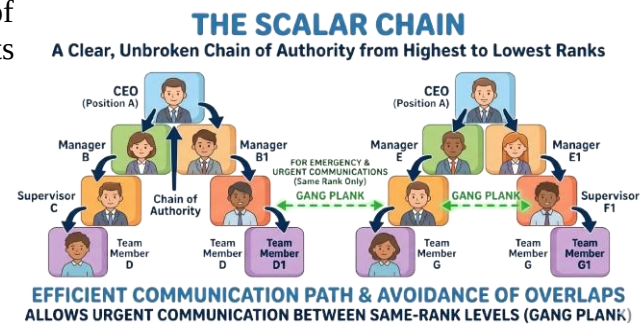
- **Centralisation** refers to concentration of authority or power in few hands at the top level.
- **Decentralisation** means evenly distribution of power at every level of management. According to Fayol, a company must not be completely centralised or completely decentralised but there must be combination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

According to Fayol, "There is a need to balance subordinate's involvement through decentralisation with manager's retention of final authority through centralization."

Example:
Important decisions are taken by the head office, while branch managers handle daily operations.

(ix) Principle of Scalar Chain:

Scalar chain means a line of authority or chain of superior from highest to lower 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.
If this chain is broken then there are chances of communication gap in the organisation but sometimes following scalar chain becomes a long process and if some important pieces of information have to be passed, it gets delayed so in case of emergency and urgent information, Fayol permitted a short cut in the chain which is called "Gang-Plank".



Gang-plank permits direct communication between the employees working in different positions without following the scalar chain.

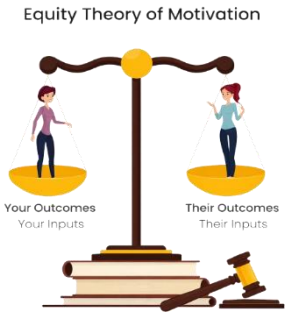
Example:
A junior employee sends information to the supervisor, then manager and then director following proper hierarchy.

(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.

Example:
Files, tools and machines are kept at fixed places in an office or factory for easy access.

(xi) Principle of Equity:



Equity refers to kind, fair and just treatment to employees. If a manager is biased in dealing with employees the employees will get dissatisfied and will not contribute to their maximum capacity. Kind and fair treatment with workers, ensure loyalty and devotion. It does not mean use of No force, rather he said Lazy personals to be dealt sternly to send the message that everyone is equal in the eyes of management.
Equity means no discrimination on account of gender, religion, language, caste, belief or nationality.

Example:
A manager treats all employees fairly without discrimination based on caste, gender or religion.

(xii) Stability 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.

Example:
A company avoids frequent transfer of employees so they can work efficiently and feel secure.

(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 initiative 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.

Example:

Employees are encouraged to suggest new ideas to improve product quality or reduce costs.

(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 minimize the need for using penalties.



Example:

A manager promotes teamwork and unity among employees by organising team meetings and group activities.

❖ COMPARISON BETWEEN TAYLOR AND FAYOL:

The contribution of Taylor and Fayol can be differentiated on the following ground

Basis of Difference	Henry Fayol	F.W. Taylor
Perspective	Top level of management	Shop floor level of a factory
Unit of Command	Strictly followed	Did not feel it is important as in functional foremanship, worker receive orders from eight bosses.
Applicability	Applicable universally	Applicable to specialised situation.
Basis of formation	Personal experience	Observations and experimentation
Focus	Improving overall administration	Increasing production
Personality	Practioner / Researcher	Scientist
Expression	General Theory of administration	Scientific management

❖ Relevance of Taylor and Fayol's Principles (Similarities between Taylor and Fayol):

Taylor and Fayol's principles are complementary to each other because both have relevance in the business due to following reasons:

1. The main aim of Taylor's as well as Fayol's principles is maximizing the efficiency.
2. Both insist on cooperation between employees and employers.
3. Both give more importance to organsiational interest over the individual interest.
4. Both suggested division of work for specialisation.
5. The principles of both are used as basis for research in the field of management studies.

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❖ Revision Summary

- **Meaning:** Management principles are the statements of fundamental truth which act as the guidelines for taking managerial actions and decisions.

- **Nature:** Management principles are:
  (a) Universal application,
  (b) General guidelines,
  (c) Evolutionary formed by practice and experiments,
  (d) Flexible,
  (e) Behavioral in nature,
  (f) Based on cause and effect relationship,
  (g) Contingent.

- **Significance:** Understanding of management principles helps the managers to:
  (a) provide managers with useful insight into reality,
  (b) optimum utilisation of resources,
  (c) scientific decisions,
  (d) meet changing environment requirements,
  (e) effective administration,
  (f) fulfilling social responsibilities,
  (g) management training, education and research.

- **Scientific Management:** Taylor, popularly known as Father of Scientific Management develop various scientific principles and scientific techniques. His scientific principles are:
  i. **Science, not rule of thumb:** Scientific approach to every element of management.
  ii. **Harmony not discord:** Working with team spirit and mutual co-operation.
  iii. **Cooperation, not individualism:** Workers and management must work with cooperation and mutual give and take.
  iv. **Development of each and every person to his or her greatest efficiency and prosperity:**

- **Scientific Techniques of Taylor:**

  i. **Functional foremanship:** Appointment of eight functional experts to instruct, guide and observe the workers.
  ii. **Standardisation:** Maintaining quality standards.
  iii. **Simplification of work:** Cutting down unnecessary dimensions and varieties of one line of product.
  iv. **Fatigue study:** Technique conducted to fix up frequency and time period of rest intervals.
  v. **Method study:** Finding one best method to perform the job.
  vi. **Time study:** To find out the standard or average time to perform a job.
  vii. **Motion study:** To cut down the unnecessary and wasteful movements.

viii. **Work study:** To ensure maximum production at minimum cost.
ix. **Differential piece wage system:** Payment to efficient and inefficient workers with different rates.
x. **Mental revolution:** Change of attitude of workers and managers for each other.

- **Difference between time study and motion study:**
  Difference between Taylor and Fayol: We can compare Taylor and Fayol on the following points: Concern, prospective, emphasis, focus of major contribution, personality, unity of command, expression and applicability.

- **Fayol's Principles of Management:**
  Fayol, the Father of Management Studies contributed a great research work in the field of management. He developed fourteen major principles which are:

i. **Division of work:** Dividing the whole work into small segments to get specialization.
ii. **Authority and responsibility:** Match or balance between the authority and responsibility is must.
iii. **Discipline:** Respect for agreement, which are directed at achieving obedience, applying full energy for achieving organisational goals.
iv. **Unity of command:** Orders or commands from a single boss.
v. **Unity of direction:** Efforts of all the employees to be directed towards common direction of achieving organisational goal.
vi. **Subordination of individual interest to general interest:** Organisational interest must supersede over individual interest.
vii. **Remuneration of employees:** Fair or adequate wages to wokers.
viii. **Centralisation and decentralisation:** Proper combination of centralisation and decentralization at different levels.
ix. **Scalar chain:** Line of authority to be followed in the organisation.
x. **Order:** Orderly placement of men and materials in the organisation.
xi. **Equity:** Kind, fair and just treatment to employees.
xii. **Stability of personnel:** Avoid frequent turnover and rotation of employees.
xiii. **Initiative:** Encouraging employees to give suggestions.
xiv. **Esprit de corps:** Work with team spirit.