



LEARNING OBJECTIVES

- Meaning of Principles of Management
- Nature of Principles of Management
- Significance of Principles of Management
- Scientific Management
- Functional Management
- Fayol's Principles of Functional Management

INTRODUCTION

Management as a science explains the fact that the concept of management is also based on certain principles which have been derived not by chance but also with the help of various lifetime experiences, observations and experiments done by various practitioners in their real life situations through working with business organisations, management gurus (experts), researchers and scholars. These principles have been formed to ease the functioning of the business organisations and help them achieve their goals economically, efficiently and effectively.

Among the various pioneers in the field of management, the management principles as propounded by Henri Fayol (1841–1925) also known as the father of General Managements, gave 14 general principles of management and Frederick Winslow Taylor (1856–1915), known as the father of Scientific Management, suggested 5 principles and techniques of scientific management based on his lifetime experiences.

These principles are universally applicable in all types of organisations and are not rigid as the principles of any branch of pure or natural science. These principles are flexible in nature and can be adjusted and modified as per the prevailing situations. The results of application of principles of science are always predictable but the same is not true in case of principles of management as it deals with the human beings whose behaviour is unpredictable. These principles help the organisations in achieving their desired goals. Their importance cannot be neglected since management as a profession is growing at a very fast pace and the principles and techniques are evolving simultaneously.

MEANING OF PRINCIPLES OF MANAGEMENT

“Principles of Management are the statements of fundamental truths which provide guidelines for managerial decision-making and action, i.e., they act as a guide for the practice of management.”

They help in predicting what would happen if a particular principle is applied, i.e., they show a cause and effect relationship. These principles are helpful in predicting /estimating / forecasting and understanding the results of the managerial actions.

For example, ‘**Principle of Decentralisation**’ (extension of authority from top level to lower level) of authority relieves the management from taking operative decisions and allows them to concentrate more on managerial decisions of the organisation.

DERIVATION OF PRINCIPLES OF MANAGEMENT

The principles of management have not evolved by chance but they have been derived by the management experts on the basis of the problems faced by them while dealing in the real life situations on day to day basis. Such experts find the problems in the organisations, make experiments, learn from trial and errors, find solutions and finally the best way to achieve the objectives becomes the principle.

“Derivation of these principles may said to be a matter of science and their creative application may be regarded as an art.”

Such principles are derived from two ways:

1. On the Basis of Observation and Analysis of Events. Under this method, the manager observes and analyses a particular event which he faces in his actual practice. Thus, principles are formed after observing certain events and their effects.

Example 1. It was observed that the efficiency of a worker is increased if he is not transferred frequently. This led to formation of the “*Principle of Stability of Tenure*”.

Example 2. It was observed that if the work is divided on the basis of competency of the employees; it leads to specialisation, effectiveness and efficiency in the work performance. It led to the formation of “*Principle of Division of Work*”.

2. On the Basis of Experiments. Under this method, the management researcher may conduct experiments to derive management principles.

Example 1. One employee is kept under the supervision of one superior and another employee is kept under the supervision of two superiors, it is always found that a subordinate under the supervision of one superior always performs better than the subordinate under the supervision of two superiors and thus the “**Principle of Unity of Command**” was formed.

Example 2. In an organisation, suggestions from the employees are invited and out of such suggestions, the best one is applied and the organisation is benefited. It led to the creation of “**Principle of Initiative**”.

PRINCIPLES OF MANAGEMENT VS PRINCIPLES OF PURE SCIENCE

Basis	Principles of Management	Principles of Pure Sciences
1. Meaning	Such principles are general guidelines for action in a particular work situation.	These principles are the natural truths which show natural phenomena.
2. Nature	Such principles are flexible and not rigid as they are applied to the human beings.	Such principles are rigid in nature as they relate to the natural environment
3. Results	When such principles are applied, same results are not sure to happen.	When such principles are applied, same results are sure to happen.
4. Example	Principle of unity of command, Division of labour, etc.	Law of Gravitation, Law of Newton, Law of Pascal, etc.

PRINCIPLES OF MANAGEMENT VS TECHNIQUES OF MANAGEMENT

Basis	Principles of Management	Techniques of Management
1. Meaning	These are the general guidelines for the managers to take action as per the situation.	These are the methods or procedures or series of actions to be adopted for achieving desired objectives.
2. Nature	These are flexible and can be changed or modified as per the situation.	These are rigid in nature and are supposed to be applied as prescribed by the managers.
3. Examples	Principle of Unity of Command, Division of Labour, etc.	Functional Foremanship, Differential Wage Rate Plan, Standardisation and Simplification of Work.

PRINCIPLES OF MANAGEMENT VS VALUES OF MANAGEMENT

Basis	Principles of Management	Values of Management
1. Meaning	These are the general guidelines for the managers to take action as per situation.	Values are general rules for behaviour of individuals in the society which are acceptable and desirable.
2. Nature	These are technical in nature.	These are ethical or moral in nature.
3. Formation	Principles of management are formed after research in work situations.	Values of management are formed after dealing by the business organisations in the society.

NATURE OF PRINCIPLES OF MANAGEMENT

Management is social in nature so the nature of principles of management also differs from the nature of principles of natural science. The following points highlight the nature of principles of management:

1. **Universal Applicability.** Principles of management are equally important and effective for all types of organisations irrespective of their size (large, medium or small) /nature (business, government, or social), private sector or public (government) sector, manufacturing, trading or service sector, etc.

Example 1. ‘*Principle of Order*’ is applied to ensure that the employees are available at their own places during the working hours and materials, tools and apparatus are kept at the right place after their use.

Example 2. ‘*Principle of Delegation of Authority*’ (empowering the authority by superiors to the subordinates) relieves the superiors from their day to day routine work and help them concentrate on the important matters.

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. The importance of principles cannot be underestimated because even a small guideline may help in solving a given problem.

Example. ‘*Principle of Unity of Command*’ states that a single individual should receive orders and instructions from a single superior. This seems to be very general but applicability of this principle avoids all types of confusion and saves the resources from getting wasted.

Note: It is also interesting to know that employees in the corporate sector receive multiple orders / commands from different superiors and skillfully do all jobs.

3. Formed by Practice and Experimentation. The principles of management are formed by experiences, collective wisdom of managers as well as their experimentation. The managers keep on observing the events and make experiments from time to time to find out more effective ways to do the job and thus the principles and techniques are formed.

Example. It was found through practice that without applying the ‘*Principle of Discipline*’ (obedience of organisation’s rules and regulations/fulfillment of commitments), goals cannot be achieved and similarly by conducting experiments, it may be known how much time should be allowed to an individual during work to refresh and reduce stress.

4. Flexible. Management principles are not rigid/strict statements, since they have been devised for the convenience of managers. If they became rigid, they may lose their utilities. A manager may use a principle completely one time and next time the same principle may be used by him partly.

Example. The level of delegation of authority under the principle ‘*Centralisation and Decentralisation*’ can not be measured as to what extent it should be delegated to a subordinate and there cannot be any method to decide its level. It solely depends upon the experience and knowledge of the subordinate.

5. Mainly Behavioural. The main aim of the management principles is to regulate human behaviour in order to improve the output. But human nature is unpredictable and complex. So, each time principles may not be applied exactly as prescribed.

Principles of management enable a better understanding of the relationship between human and material resources in accomplishing organisational purposes.

Example. Teamwork is one of the conditions for group performance but it may not tell about the individual's performance and such individual may feel demoralised.

6. Cause and Effect Relationship. The principles of management tell us what would be the likely result if a particular principle is applied in a given situation. They show the cause and effect relationships. *When a principle is applied to a particular situation, it is known as 'cause' and the result of application of the principle is known as 'effect'.*

Example. Under the 'Principle of Unity of Command', if one employee receives order and instructions from more than one boss, there will always be confusion in the mind of the employee about whose instruction he should follow and whose he should neglect.

Here, receiving order is the cause and the decision of following the instruction is effect.

7. Principles Are Contingent. 'Contingent' means which is subject to change according to different situations and circumstances. Therefore, application of principles has to be changed depending upon specific requirements. That's why they are said to be contingent.

Example 1. According to the principle of division of labour, employees are given jobs according to their specialisations to achieve efficiency and productivity but the worker is fed up doing the same job repeatedly and efficiency level goes down. Such experienced persons need to be given new and challenging jobs. So, this principle is not always applicable.

Example 2. As per the principle of fair remuneration, employees deserve to receive fair remuneration, but what is fair is determined by a paying capacity of the employer, employees' capabilities, prevailing market wage rate etc. So, employees' remuneration varies from organisation to organisation and the principle of fair remuneration is not always applicable.

Example 3. As per the principle of team spirit, to maintain team spirit, the work should be done with group efforts but sometimes, specialised and technical jobs may be done individually. So, the principle of team spirit cannot be applied on all jobs.

Conclusion: Flexibility of principles refers to full or partial use of certain principles whereas contingency of principles refers to full use or no use of certain principles.

SIGNIFICANCE OF PRINCIPLES OF MANAGEMENT

The principles of management help the managers take effective decisions while performing the functions of management, i.e., planning, organising, staffing, directing and controlling. By following such principles, the managers can avoid the possible mistakes in dealing with the people. The following points help us in understanding the importance of principles of management in a better way:

1. Providing Managers with Useful Insights into Reality. By applying the principles of management, managers add to their knowledge, ability and understanding of business situations. This also helps them learn from the past mistakes and thus the understanding of these principles helps them conserve time to solve day-to-day problems quickly.

Example. A manager can leave routine decision-making to his subordinates and deal with exceptional situations which require his expertise.

2. Optimum Utilisation of Resources. Managers deal with two kinds of resources; viz human resources and physical resources. These resources are *Men, Money, Materials, and Machines*. Managers have to coordinate these resources in such a way that they provide maximum benefits with minimum cost.

Example. The principles such as Division of Work, Unity of Command, Discipline, Initiative, Order, etc., help the management to achieve optimum utilisation of resources.

3. Scientific Decisions. Principles of scientific management as prescribed by Taylor (discussed later) insist on rational, scientific decisions and logical reasoning after making detailed research and investigation, finding pros and cons of each method and technique. He strictly objected the methods of working based on intuition, rule of thumb, hit or miss as well as trial and error. Such decisions are very helpful at the time of sudden changes/emergencies.

Example. In the presence of '*Principle of Decentralisation*', if a fire breaks out in the factory, the factory manager will not first ask his senior but instead will take all necessary steps to extinguish the fire.

4. Meeting Changing Environment Requirements. Principles of management help an organisation to be dynamic and to adapt itself to the changing environment as it interacts with its external environment. In order to be successful, an *organisation must change itself and its goals according to the needs of the environment*.

Example. In modern times, most of the MNC's instead of involving themselves in all productive and non-productive activities, get most of the work done (non-core activities) from their other companies (outsourc) so that they can concentrate on their main activities (core activities).

5. Fulfilling Social Responsibility. The increased awareness of the public forces the businesses, especially limited companies, to fulfill their social responsibilities. Value to the customer, care for the environment and dealings with business associates would all come under the purview of this principle.

Example 1. BHEL has developed townships in Ranipur in Haridwar (Uttarakhand).

Example 2. Principle of fair remuneration, equity, etc., suggests that the organisation takes care of all stakeholders who have vested interest in the organisation.

Example 3. Tata group decided to provide houses to the poor people at a cost of just ₹32,000.

Note: It is all known as Corporate Social Responsibility which is mandatory for the companies to spend a certain percentage of the profit.

6. Management Training, Education and Research. Principles of management are used as a basis for management training, education and research. Entrance to management institutes is preceded by management aptitude tests. These tests could not have been prepared without proper understanding of the principles of management. *These principles provide basic groundwork for the development of management as a discipline.* Professional courses such as MBA (Master of Business Administration), BMS (Bachelor of Management Studies), MBE (Master of Business Economics), etc., also teach these principles as a part of their curriculum at the beginner's level.

SCIENTIFIC MANAGEMENT

A HISTORY

Name	: Fredrick Winslow Taylor (March 20,1856–March 21, 1915)
Identity	: Father of Scientific Management
Founder	: Scientific Management
Birth Place	: Philadelphia (USA)
Education	: Mechanical Engineering (Stevens Institute of Technology in 1883)



Career:

1. Apprentice in a small machine making shop in 1874.
2. Chief Engineer at Midvale Steel Company in 1884.
3. Bethlehem Steel Company formerly known as Bethlehem Iron Company in 1898.
4. Professor at Tuck School of Business at Dartmouth College in 1900.
5. President of the American Society of Mechanical Engineers (1906–07).

Publications. 1. 'Notes on Belting' in 1893; 2. 'A Piece Rate System' in 1895; 3. 'Concrete, Plain and Reinforced' in 1906; 4. 'On the art of Cutting Metals' in 1905; 5. 'Principles of Scientific Management' in 1911. 6. 'The Making of Putting Green' in 1915. 7. 'Not for the Genius but for the Average Man' in 1918.

F.W. Taylor was one of the intellectual leaders who reshaped the factory system. He always made efforts to do any particular work in the most scientific way and emphasised on finding the standard time, standard material, standard components, standard methods or techniques, etc., so that each work could be done with the minimum wastage. This helps in the comparison of actual work done with the standard work so that deviations can be found and rectified immediately. He contributed principles and techniques which were scientifically invented. He also wanted that the

workers (who should be innovative) and the management (who should be trained and qualified) must cooperate with each other and then there would be no need for the trade unions. He emphasised on the mental revolution on the part of employers as well as the employees who always blame each other.

DEFINITIONS OF SCIENTIFIC MANAGEMENT

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

“The core of Scientific Management is the organized study of work, the analysis of work into its simplest elements and the systematic improvement of the worker’s performance of each element.” ... Peter F. Drucker

MEANING OF SCIENTIFIC MANAGEMENT

“Scientific management means performing the business activities in the most scientific manner. It insists on removal of traditional methods and apply any method or technique after thorough research, analysis and finding pros and cons. It means conducting business activities according to standardised tools, methods and trained personnel in order to increase the output, improve its quality, and reduce the costs and wastage.”

PRINCIPLES OF SCIENTIFIC MANAGEMENT

F.W. Taylor suggested the following principles and techniques based on his experience:

1. Science, not Rule of Thumb. *Rule of thumb means doing something just because others have been doing it.* Taylor suggested complete removal of the thumb rule, which was a traditional and outdated method based on intuition, trial and error and hit and miss technique. He favoured scientific enquiry, analysis and understanding. According to him, guess work, intuition, etc., should not play any role in the decision-making process.

Taylor insisted on finding various alternatives, their pros and cons, benefits likely to be achieved from such alternatives, comparing them and finding the best method which could help in the optimum utilisation of resources.

Example. Most of the organisations and individuals are taking the help of the internet banking for transferring money instead of using cheques/drafts, finding the required information or material on Google/Yahoo search engines instead of finding the material from the libraries and other sources, sending e-mails instead of using post and couriers, teaching through multimedia, computer softwares, webcams instead of physical presence and so on.

2. Harmony not Discord. *Harmony refers to an agreement in feeling or opinion and discord refers to tension or strife resulting from the lack of agreement.* All the people involved in a group must work in harmony with one another rather than in discord. Managers work as a link between workers and owners. Since, they have to get the work done,

there is always such possibility for the conflicts to arise. Such conflicts benefit none; and all of them need to transform their thinking. This principle is based on Fayol's principle, 'esprit de corps'.



Sharing of gains between management and workers leads to complete harmony

Taylor suggested a scientific technique named 'mental revolution' for this purpose where owners should share gains with workers and workers should work with discipline and loyalty.

Prosperity of the employers cannot survive for a longer period of time unless it is accompanied with the prosperity of the employees and vice-versa.

Example. In Japan, there is complete openness between the employers and employees. If the workers go on strike, they wear black badges to show their protest and do more work than the normal hours to gain sympathy of the management.

3. Cooperation, not Individualism. *This principle is the extension of the principle of 'Harmony not Discord'. Scientific management suggests that all individuals should work in cooperation with one another. In order to bring cooperation among the workers, managers must involve them and their suggestions at the time of setting standards.*

Competition should be replaced with cooperation. Both employers as well as workers should feel the need of each other. Management should not ignore the suggestions forwarded by the employees, instead these should be thoroughly analysed and best one must be implemented. Any gain from the best suggestion implemented must be shared with the workers and performance should be recognised. Workers should not go on strike for getting unreasonable demands fulfilled. There must be organised and well-planned communication system through which the management can impart its instructions and workers can convey their opinions as well as grievances.

4. Development of Each and Every Person to his Greatest Efficiency and Prosperity. *Industrial efficiency depends upon the efficiency of workers. Workers efficiency depends upon their proper training, development and selection. Taylor insisted that due care should be taken while selecting the employees and after selection, they must be given jobs according to their qualification as well as physical, mental and intellectual capabilities.* Employees must be sent for training from time to time to update their knowledge. This will ensure increased efficiency and prosperity for both company and workers.

Workers' training is essential to learn the best method developed as a consequence of scientific approach. Now a days, most of the companies are sending their employees for higher education, research, seminars, workshops, training sessions, etc., so that they can equip themselves according to the dynamic environment. Such activities enhance their morale, confidence level, market value, capabilities and make them ready to face any sort of challenge.

5. Maximum not Restricted Output. In all organisations, management and workers always fight over division of profit. *Taylor suggested that output should be increased to the maximum capacity. This will increase profits and both the parties can have a larger share of profits.* Maximum production reduces the cost of production per unit, utilises the capacity of the machines at the optimum level and reduces the overall cost.

TECHNIQUES OF SCIENTIFIC MANAGEMENT

The principles of management refer to the essence of management whereas methods and techniques refer to the effective implementation of such principles. Taylor made numerous experiments and observations at the work place to find the best standardised methods of production to achieve optimum utilisation of all available resources. Following are the certain scientific techniques as developed by Taylor and his associates during their lifetime:

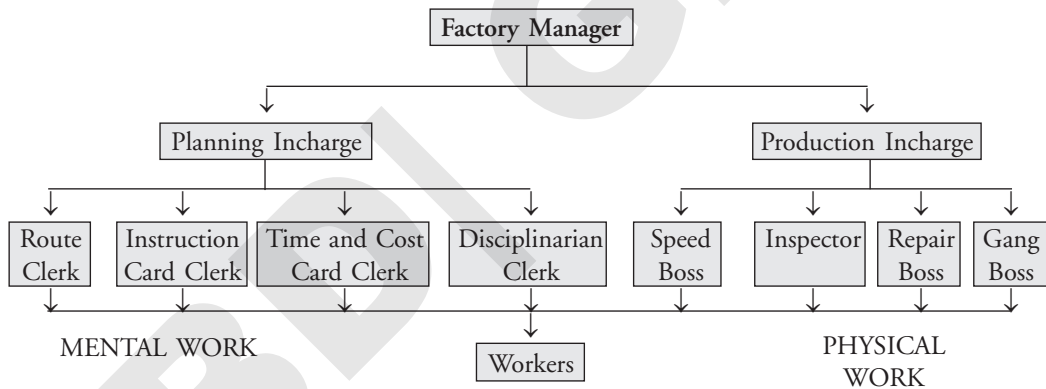
1. Functional Foremanship
2. Standardisation of Work
3. Simplification of Work
4. Techniques of Scientific Work Study
 - (a) Fatigue Study
 - (b) Method Study
 - (c) Time Study
 - (d) Motion Study
5. Differential Wage System
6. Mental Revolution

1. Functional Foremanship. Taylor felt that planning for factory operations and implementing plans should be held by different groups of people. The basic aim of functional foremanship is to separate planning functions from executive or production functions. *This technique is an extension of Fayol's principles of Division of Labour but is in contrast to his principle of Unity of Command.* He felt that one single supervisor is

not capable enough to monitor the workers from all angles. Therefore, he suggested the appointment of Planning Incharge for Planning Functions and Production Incharge for Executive Functions supported by eight specialists foremen.

The functions of the eight supervisors are listed below:

Clerks	Under Planning Incharge	Bosses	Under Production Incharge
1. Route Clerk	Draws channels/sequence for transfer of raw material, mechanical and manual operations.	1. Speed Boss	Ensures desired pace of work.
2. Instruction Card Clerk	Gives general instructions according to which workers have to perform.	2. Gang Boss	Keep machines, tools, materials available.
3. Time and Cost Clerk	Decides total time and cost per unit as per main plan.	3. Inspector	Checks the quality of production.
4. Disciplinarian	Maintains orderly discipline environment and ensures rules and regulations are being followed.	4. Repair Boss	Oiling, repairing and maintenance of machinery.



Functional Foremanship

2. Simplification of Work. *Simplification refers to elimination of superfluous (unwanted) sizes, varieties, dimensions and diversity of products.* It is a process of product analysis through which a limited number of grades, types and sizes of products are related to facilitate standardisation. It leads to economical production, reduces labour/machinery/material, cost, etc.

For the simplification process, many researches were made to find unnecessary and unwanted movements. The researches in U.S. in different manufacturing units led to marvellous results.

Example 1. Variety of papers was reduced from 2000 to 200.

Example 2. Grinding wheels were reduced from 71,52,000 to 2,54,000.

Example 3. A Fruit manufacturing company reduced variety from 200 to 32.

Objectives /Benefits of Simplification of Work

- (a) Avoids unnecessary movements at the actual work place.
- (b) Reduces the cost of labour, machines and tools as well as increases the savings.
- (c) Reduces excess holding of stock, fuller utilisation of equipments and turnover.

3. Standardisation of Work. It is followed after simplification. *Standardisation of work means maximisation of output through the use of standard tools and equipments, methods, machines, competency of workers, time, speed, processes and working conditions.* It means the establishment of standard norms, sizes, types, qualities, weights, measures, etc. It is a process of fixing efficient methods of production and suitable tools and apparatus to handle with ease and convenience.

Objectives/Benefits of Standards

- (a) Prescribe fixed type of size and features of products.
- (b) Lay standards of excellence and quality in materials.
- (c) Decide standard of performance of men and machine.
- (d) Interchangeability of manufactured parts and product.

4. Techniques of Scientific Work Study. Work study means deep analysis of the activities being performed in an organisation to find the best possible ways to produce the goods, reduce the cost of production and optimum utilisation of resources. For this purpose, Taylor suggested the following techniques for the analysis of work studies:

(a) **Method Study.** There can be various methods of performing a job: manual, mechanical or a combination of both. Selection of the right method ensures higher production as well as enhanced quality.

Every activity beginning right from the procurement of raw material till the final product is delivered to the door of the customer is a part of the method study.

Example. A shoe manufacturing unit may manufacture shoes manually or through machines. Choice of methods of production will depend on several factors like capital, availability of labour, taste of customer, market to be targeted etc.

(b) **Motion Study.** Motion study explains the movements of operators (employees) while lifting, sitting, changing positions and working on machines while performing a job so as to identify and eliminate their unnecessary movements. Workers can be trained to use their tools more wisely to make the work convenient, simpler and less tiring.

Example. Taylor and his associate Frank B. Gilbreth were able to reduce motions in a brick layering from 18 to 5 by using stop watches, various symbols and colours to identify productive, incidental (e.g., going to stores) and unproductive motions.

Note: Motion study is related with simplification of work.

(c) **Time Study.** Work performance of certain number of workers may be monitored by a supervisor closely and repeatedly for a limited period of time. He notes the exact time in hours, minutes and seconds taken to complete the task by each individual in the team. Thus, average time may be calculated to produce a single unit. This time is

declared as the standard time for other workers to produce a certain number of units in a limited period of time.

Example. Standard time to produce 4 units is one hour. In the 8 working hours reduced by one hour for lunch and rest, in the rest effective 7 hours, an average worker can produce 28 units in a day on an average.

Thus, this study helps in deciding standard wages, number of workers required to do a particular job, suitable incentives and determine labour costs.

Note: Time study is based on motion study and it is followed by motion study. Time study is related with standardisation of work.

(d) Fatigue Study. This technique studies how tiring a job is so that accordingly rest intervals can be provided. Taylor suggested that if frequent rest intervals are provided to workers, they will feel mentally and physically refreshed and their functioning will be more efficient.

Example. If a company works in three shifts, then in each shift the workers require rest intervals for tea/snacks and lunch. If employees are engaged in heavy annual labour, frequent rest intervals are necessary to recharge energy level for maximum contribution.

5. Differential Piece Wage System. Work studies help to fix the standards for different aspects such as standard time to produce standard output and standard rate and these standards help to differentiate between efficient and inefficient workers. So, for this purpose, Taylor developed Differential Piece Wage Rate System on the basis of his personal experience and applied this technique successfully at Bethlehem Steel Company.

This system was introduced to extract more output from efficient workers and to encourage the inefficient ones to produce more. This technique differentiates between the payments made to the workers on the basis of their performance. If a worker produces more than a certain number of pieces, he is given higher wage per piece on his total output but if his output proves below the desired number of units, he is given lower rate per piece. Due to different rates for different efficiency levels of workers, it is known Differential Piece Wage Plan.

Example. In one department, the standard is set to produce 100 units per week and the wage rate is ₹ 5 per unit for those who produce upto or above this standard and ₹ 4 for those who produce below this standard. Suppose X produces 99 units, his wage would be ₹ 396 (i.e., 99×4). If Y produces 101 units thus, his wages would be ₹ 505 (i.e., 101×5). This gap of two units will amount to a loss of more than ₹ 100. Therefore, this loss will be the strongest motivator for a worker to reach a standard performance.

Thus, higher efficiency is rewarded by paying higher wages and inefficiency is penalised by paying low wages. This method of doing work is suitable where the output is independent from quality benchmarks.

6. Mental Revolution. Taylor studied human behaviour and found that workers and management always fight with each other. Management always feels that workers purposely work slow, handle tools and machines carelessly and compromise on quality. On the other hand, workers blame the management for exploiting and underpaying them. *According to Taylor, a revolutionary change is required in the attitude of both the parties from competition to cooperation.* Both should realise that they need one another. Both should make efforts to

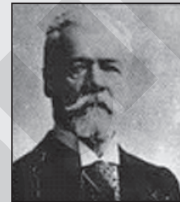
increase the size of surplus and the management should share a part of the surplus with the workers. This technique is based on 'Taylor's principle, Harmony, not discord'.

This attitude will be good for both of them and also for the company. In the long run, workers' well-being will ensure prosperity for the business. Management can organise motivational meetings, training programs sessions, listen to their grievances, receive their suggestions, recognise the best suggestion if applied and produced gain and create the feeling of belongingness among the workers to enable them to increase their production.

FUNCTIONAL MANAGEMENT

A HISTORY

Name	: Henri Fayol (July 29, 1841–November 19, 1925)
Identity	: Father of General Management
Founder	: Functional Management
Birth Place	: France
Education	: Mining Engineering (Mining Academy of Saint-Etienne, 1860)



Career: 1. Started career at a French Coal mine company, 'Compagnie de Commentry-Fourchambeau-Decazeville' as Junior Engineer in 1880; 2. Managing Director in 1888 and retired in 1918 from the same position.

Publications. "General and Industrial Management" in 1949

Contributions. 1. Identified four functions of management—Planning, Organising, Directing and Controlling; 2. Classified the activities of manufacturing undertakings as Technical, Commercial, Financial, Security, Accounting and Managerial; 3. Identified qualities of a manager to possess – Physical, Moral, Education, Knowledge and Experience; 4. Developed concept of administration; 5. Developed 14 general principles of management.

Henri Fayol (1841-1925), born in France, completed his degree in Mining Engineering in 1860 and started his career as a junior engineer in a French coal mine which was then a losing concern and became its Managing Director after 28 years. He is also known as the father of General Management. It was due to his efforts that the coal mine became a successful business. His theories deal with organisation of production in the context of competitive enterprise. Fayol suggested 14 principles of management on the basis of his experience and believed that these principles might help to improve an organisation by enhancing its operations. He kept two things in mind while setting these principles, first, the principles should be suggestive and be applicable in most of the enterprises and secondly, that the principles should be flexible and not rigid.

FAYOL'S PRINCIPLES OF FUNCTIONAL MANAGEMENT

1. Division of Work. *Work should be divided into small tasks. Each employee should be trained in the job which he has to perform. This process is called Division of Labour.* Division of work helps in specialisation and results in increased output by making employees more efficient.

Example. If one person is skilled in computer programming and that person continues to do that work over a period of time, the continuity of computerised work specialises him in that job and consequently improves his performance.

Benefits

- Advantages of specialisation.
- Improvement in efficiency.
- Quality of work and decreased wastage of resources.
- Reduces workload of superiors.



Division of Work

Drawbacks

- Advantages of specialisation cannot be obtained
- Worker's efficiency will be reduced.
- Increases the workload of superiors.
- Underutilisation of workforce

2. Authority and Responsibility. *Authority means power to take decision and give order and instructions. Responsibility is the obligation to perform the given task within a specified period of time.* According to Fayol, there should be a balance between the powers given to a person and the jobs to be performed by him. Authority without responsibility may be misused and less authority can make one's performance ineffective.

Example. If an employee is to be asked to perform the job of a cash clerk then he should be allowed to take care of all jobs relating to such job like accepting money in cash, demand drafts, making repayment of cash, passing entry in the pass book, etc.

Benefits

- No misuse of authority.
- Helps in meeting responsibilities on time without delay.
- Helps in creating accountability.
- Helps in maintaining coordination.

Drawbacks

- Difficulty in achieving target in case less authority is given than needed.
- Cannot fix accountability.
- Excess of authority over responsibility leads to misutilisation of resources.
- Excess of responsibility over authority can make one's work ineffective.

3. Discipline. It refers to compliance of rules and regulations, both by superiors and subordinates working at different levels in an organisation. It is essential for smooth functioning and generally forced but voluntary discipline is ideal good discipline is the result of effective leadership. It can be best maintained by:

- (a) Having good supervisors at all levels.
- (b) Giving clear and well-explained instructions.
- (c) Punishing the rule violators equally.
- (d) Respecting the terms and conditions of the agreements which are directed at achieving obedience.

Example. If the company has entered into a contract with the employees that the salaries would be increased after five years, company should honour it and the same should not be compelled by the employees too before time.

Benefits

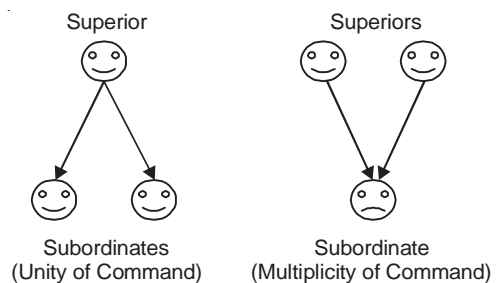
- Systematic working of the organisation improves efficiency.
- Better labour-management relations.
- Systematic clear-cut instructions.
- Effective communication.
- Helps to meet commitments by both employer and employees.

Drawbacks

- Disturbance and chaos.
- Bitter labour-management relations.
- An atmosphere of doubt and suspicion.
- Ineffective coordination.
- Difficulty in maintaining healthy, cordial and working atmosphere.

4. Unity of Command. *One group of workers should receive orders and instructions from and be answerable to only one boss.* This will avoid confusion and indiscipline among workers. There will be minimum ego hassles among the superiors. It will also be easier for the supervisors to fix responsibility.

Example. A sales person is asked to strike a deal with a buyer and is allowed to give 10% discount by the marketing manager. But the finance department tells him not to offer more than 5 % discount. Now there is no unity of command. This can be avoided if there is coordination between various departments. The above pictures will help you to understand the concept in a better way.



Benefits

- No confusion in the mind of subordinate.
- No ego clashes.
- Improves effectiveness in working.
- Easy to fix responsibilities.
- Efficiency of superiors and subordinates increases.

Drawbacks

- Confusion in the mind of the employee.
- Subordinates will get a chance to escape from his responsibilities by giving excuses.
- Ego clashes among different superiors.
- Difficulty in maintaining discipline in the organisation.

5. Unity of Direction. *This principle states that there should be one head and one plan for a group of activities having the same objectives.* This will avoid duplication and overlapping of work, promote optimum utilisation of resources, fix the accountability of employees working at the different levels in their own capacity, make cooperation fruitful and thereby help in achieving effective coordination.

Example. If one company has three different divisions dealing in electronics, automobiles and food products, then each division must have their own divisional head, plan and target. Under each division, functional departments like purchase, sales, marketing, finance, etc., must have their own departmental heads. In this way, working of each department will not affect the working of other department(s) and similarly the working of one division will not affect the working of another division.

DIFFERENCE BETWEEN UNITY OF COMMAND AND UNITY OF DIRECTION

Basis	Unity of Command	Unity of Direction
1. Meaning	A group of subordinates shall receive orders from one boss.	One unit and one plan for the group of activities having the same head and objectives.
2. Relation	Related to the functioning of the personnel. Necessary to fix responsibility of the subordinates.	Related to a division, department or group of an organisation as a whole. Necessary for sound organisation and fixing the responsibility of heads.
3. Necessity	To avoid conflicts, indiscipline and misuse of authority among subordinates.	To avoid duplication of work and wastage of resources.
4. Purpose		

Benefits

- Efforts of employees get unified towards one direction only.
- Achievement of organisational goal becomes easy.
- Helps in coordination due to unity in activities.

Drawbacks

- Decrease in the efficiency of the organisation.
- Difficulty in achieving the objectives.
- Difficulty in achieving coordination.



6. Subordination of Individual interest to General Interest. The business enterprise is superior to each individual. *The interest of the organisation must be given more importance than the personal interests which must be sacrificed for the goals of the organisation.*

Example. Suppose a superior gets an order from the outside with his own initiative and the company is benefited. The profit generated due to the transaction should be distributed among all and not only to the person who has got the order.

Benefits

- Emphasis on the achievement of organisational goals.
- Sacrifice of selfish motives of the employees.
- Helps in maintaining coordination between individual interest and organisational interest.



Drawbacks

- Emphasis on personal goals of the employees.
- Difficult to maintain coordination between individual interest and organisational interest.
- Hindrance in achieving organisational goals.

7. Fair Remuneration to the Employees. *The method of compensation must be just, fair and equitable for all.* The salary must be sufficient not only to satisfy the basic needs of the employees for survival, it should also stop them from shifting to other organisations for a better pay. Injustice to anyone may demotivate employees to perform to the best of their capacity.

Example 1. If the workers are asked to do extra work after the normal working hours, such extra efforts must be compensated by awarding extra wages and salaries.

Example 2. If the company earns good profits, the entire profit should not be distributed to shareholders alone, the employees being the prime assets of an organisation should also be given hike in their remuneration or bonus.

Benefits

- Employees get motivated.
- Respect for the organisation and its management.

- Loyalty and belongingness among employees towards the organisation.
- Devotion and commitment of employees improves.
- Efficiency of superiors and subordinates increases.



Drawbacks

- Employees may be demotivated.
- Effect on efficiency and effectiveness in the work.
- Encouragement to dishonesty.
- Increase in the rate of labour turnover.

8. Centralisation and Decentralisation. *Centralisation refers to systematic and consistent reservation of authority at central points within the organisation. Complete centralisation is almost impossible. Small organisations with less number of workers are normally centralised to a great extent. As the size of the organisation grows, number of workers increases, and everything that increases the importance of the subordinate's role, the need for more decentralisation is felt, which means distribution of authority by superiors to their subordinates to the lower levels.*

The factors which decide the level of authority to be decentralised are ability, dependability and experience of the subordinates. Fayol suggested that there should be a balance between the centralisation and decentralisation of authority as there cannot be any organisation with complete centralisation or decentralisation.



The above diagram shows that the top-level of management enjoys maximum authority in a centralised organisation whereas lower-level of management enjoys maximum operational autonomy in a decentralised organisation.

Benefits

- Lack of chaos.
- Quick decision making.
- Specified goals.
- Unnecessary increase in the workload of the superiors.

CENTRALISATION AND DECENTRALISATION



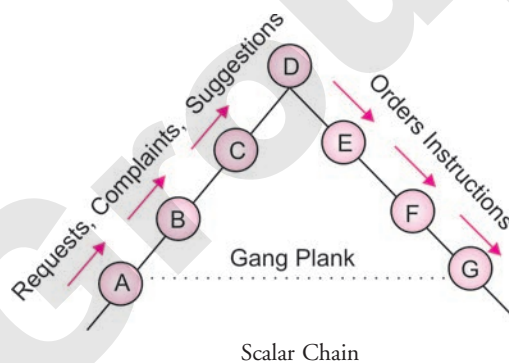
- Decrease in the workload of superiors and subordinates.
- Encouragement to the subordinates.
- Fast decisions at the operational level and strict control by the top level.

Drawbacks

- Insecurity among the subordinates.
- Deviation from goals.
- Impatient and wrong decisions.
- Misuse of authority.
- No encouragement to employees.
- Delay in decision making.

9. Scalar Chain/Line of Authority. It refers to the flow of authority and communication from top level to lower level in the form of hierarchy among the various superiors. Such authority and communication relations are said to be scalar when subordinates report to their immediate superior and when the superiors report directly as subordinates to their superiors.

In the hierarchy, orders and instructions flow downwards whereas requests, reports, status, results and grievances flow upward. The diagram represented by double ladder can make the concept clear.



D is the top superior having two lines of authority. One line of authority consists of C, B and A and the other line of authority consists of E, F and G. Under normal circumstances, all information must pass through each level e.g., if A has to communicate some information to G, as per scalar chain, the information will pass through as follows:



Gang Plank (Violation of Scalar Chain). If there is an emergency, A can communicate directly to G through Gang Plank if any important decision has to be taken and there is no sufficient time to follow the formal process of communication. In such a case, they can communicate horizontally if the following two conditions are satisfied:

Conditions for Gang Plank

- Both the managers should be working at the same level.
- Both must have informed their respective superiors about it.

Benefits

- Systematic and smooth flow of information.
- Presence of unity of command.
- Lack of duality of command.
- No communication gap in the organisation.
- Speedy work due to presence of Gang Plank in the Scalar Chain of command.

Drawbacks

- Disorderly flow of information.
- Bitterness in relations because of ignoring close employees.
- Leads to lack of coordination.
- Superior-subordinate relationship cannot be established.

10. Order. *Order means systematic or orderly arrangement. It does not mean giving command.* Fayol felt that complete order is required in the organisation at two levels:

Social Order. There should be a specific place of work for each employee and he should be found at that place of work during the working hours of the organisation.

Material Order. There should be a specific place for material, tools, etc., where it should be kept back after use.

Benefits

- No wastage of time in search of men and materials.
- Smooth and systematic working of organisation.
- Increase in productivity.
- Optimum utilisation of both physical and human resources.



Material order



Social order

Drawbacks

- Misuse of both human and physical resources.
- Increase in possibility of accidents.
- Wastage of time and energy.
- Difficult to locate men and materials.

11. Equity. *The managers should be fair and impartial while dealing with their subordinates. While assessing (evaluating) the performance of workers, giving increments and promotions, their personal likes and dislikes should be kept aside.* There should be equal pay for equal work and same punishment for committing the same fault. Fayol also did not rule out the use of stern action or the use of force. Rather he said that lazy personnel (staff) should be dealt strictly to send the message that everyone is equal in the eyes of management.

Benefits

- Satisfaction among employees.
- Presence of loyalty, devotion and dedication.

- Cordial and healthy relations between superiors and subordinates.
- Motivates and boosts the morale of the employees.

Drawbacks

- Misuse of resources.
- Source of conflicts among employees.
- Bitter relations among superiors and subordinates.
- Jealousy among colleagues.

It should also be noted that if one were to talk about equity today, the value of customers, care for environment and dealings with the business associates, all come under the purview of this principle.

12. Stability of Tenure of Personnel (Employees). Personnel (especially managerial personnel) should be selected and appointed after due and rigorous procedure and once they are selected, they should be given sufficient time to adjust to their jobs for a fixed tenure to enable the HR department to judge the real worth of their calibre. If they are transferred frequently to different job positions, they will feel insecure and tend to move to other better organisations. It will increase labour turnover and hiring cost. This rule is not applicable to promotions and other routine transfers.



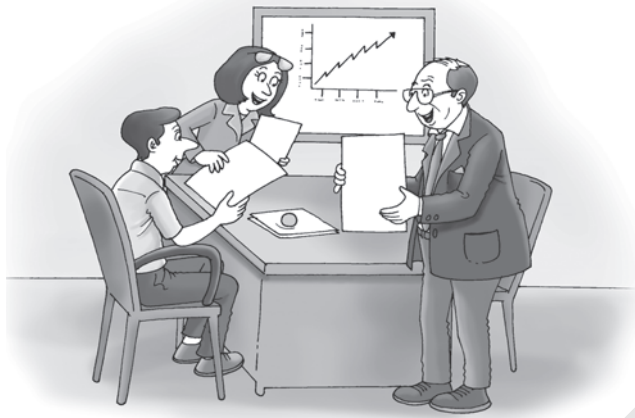
Benefits

- Improves efficiency level of employees.
- No wastage of time and resources.
- Feeling of job security.
- Enhances belongingness and productivity.

Drawbacks

- An atmosphere of disbelief for the employees.
- High rate of labour turnover.
- Feeling of insecurity and instability.
- Heavy recruitment and training expenses.

13. Initiative. *Initiative means eagerness to do some work without being told to do so.* Employees get satisfaction when they are allowed to take initiatives. So, according to Fayol, they should be given opportunities to do so. *This does not mean going against the established standards and practices to become different from others.* A company should have good suggestion system for the employees whereby innovative suggestions resulting in substantial reduction in cost, should be awarded.



Employer suggestion system. Encourages initiative among trainee managers

Benefits

- Develops a feeling of belongingness among the employees.
- Employees achieve targets on time if they are set up with their consultation.
- Sense of accomplishment among employees.
- Recognition of work and self-satisfaction.

Drawbacks

- An atmosphere of non-cooperation.
- Decrease in loyalty and attachment of employees.
- Frustration among honest and hardworking employees.
- Kills enthusiasm.

14. Spirit de Corps. *The literal meaning of this term is union is strength or team spirit among staff. Managers should try to improve team spirit in the organisation by giving credit to the workers for their achievements.* This principle helps in creating an atmosphere of mutual cooperation which inspires people to improve the quality and quantity of output. While conversing with employees, the managers should replace 'I' with 'we' which fosters the sense of belongingness and minimise penalties.



Benefits

- Develops team spirit, mutual trust and belongingness.
- Easy achievement of group goals.
- Better coordination.
- Minimum penalties.

Drawbacks

- Kills team spirit.
- Difficulty in achieving objectives.
- Presence of discord.
- Lack of harmony.

STUDY OF PRINCIPLES OF HENRI FAYOL

S.No.	Principle	Then	Now
1.	Division of work	Specialisation in workers' job design.	Generalisation in workers' job design.
2.	Authority & responsibility	Managers were empowered	Employees are empowered.
3.	Discipline	Formal control.	Informal control and peer pressure.
4.	Unity of command	Subordinates report to only one boss.	Subordinates report to many bosses.
5.	Unity of direction	Departments have one head and one plan.	Departments have multiple heads and multiple plans.
6.	Subordination of individual interest to general interest	Employees would be committed to the organisation.	Organisation is committed to employees and vice-versa.
7.	Remuneration of personnel	Reasonable pay reward system.	Performance based reward system (Fixed + Variables).
8.	Centralisation and decentralisation	Greatest centralisation.	Greatest decentralisation.
9.	Scalar Chain	Hierarchical, formal communication system.	More horizontal and less formal communication.
10.	Order	For the purpose of control.	For the purpose of coordination
11.	Equity	Through kindness.	Through ownership.
12.	Stability of tenure	First train and then encourage to retain.	Training and development is a ongoing process.
13.	Initiative	Managers conceive and implement new ideas.	Employees conceive and implement new ideas
14.	Esprit de Corps	Team spirit – the work of manager.	Team spirit – the work of employees

COMPARATIVE STUDY OF THE PRINCIPLES OF TAYLOR AND FAYOL

Basis	Taylor	Fayol
Perspective	Worked at operational level.	Worked at top level.
Personality	Scientist.	Practitioner.
Focus	Increase in productivity through techniques, e.g., Time and Motion Study, etc.	Improving overall administration through principle of Scalar Chain, equity, etc.
Contribution	Gave basis of increase in production in the factory.	Gave a systematic theory of management.
Nature	Rigid approach.	Flexible approach.
Unity of command	Did not feel important as workers functional foremanship are under eight specialists.	Staunch proponent.
Applicability	Applicable to specialised situations.	Universally applicable.
Basis of formation	Observation and experimentation.	Personal experience.

GLIMPSES

- **Principles of Management**
Principles of Management are the statements of fundamental truths which provide guidelines for managerial decision-making and action, i.e., they act as a guide for the practice of management.
- **Derivation of Principles of Management**
 - (a) On the Basis of Observation and Analysis of Events
 - (b) On the Basis of Experiments
- **Nature of Principles of Management**
 - (a) Universal Applicability
 - (b) General Guidelines
 - (c) Formed by Practice and Experimentation
 - (d) Flexible
 - (e) Mainly Behavioural
 - (f) Cause and Effect Relationship
 - (g) Contingent (dependent on uncertain events or circumstances)
- **Significance of Principles of Management**
 - (a) Provide Managers with Useful Insights into Reality
 - (b) Optimum Utilisation of Resources
 - (c) Effective Administration
 - (d) Scientific Decisions
 - (e) Meeting changing Environment Requirements
 - (f) Social Responsibility
 - (g) Management Training, Education and Research
- **Definitions of Scientific Management**
Scientific management means knowing exactly what a manager wants men to do and seeing that they do it in the best and the cheapest way.
- **Principles of Scientific Management**
 - (a) Science, not Rule of Thumb
 - (b) Harmony not Discord
 - (c) Cooperation, not Individualism
 - (d) Development of each and every Person to his Greatest Efficiency and Prosperity
 - (e) Maximum not Restricted Output

- **Techniques of Scientific Management**
 - (a) **Functional Foremanship.** It is a technique which separates planning functions from Executive or Production functions with the help of eight specialists under Planning Incharge and Production Incharge.
 - (b) **Standardisation of Work.** Means maximisation of output through the use of Standard Tools and Equipments, Methods and Machines, etc.
 - (c) **Simplification of Work.** Simplification refers to elimination of superfluous (unwanted) sizes, varieties, dimensions and diversity of products.
 - (d) **Techniques of Scientific Work Studies**
 - **Fatigue Study.** To provide rest intervals to the workers while they are working.
 - **Method Study.** Selection of the right method to ensure more production and improve the quality.
 - **Time Study.** Setting standard or average time to produce a unit.
 - **Motion Study.** To avoid unnecessary movements by the workers while they are working.
 - (e) **Differential Wage System.** The technique of wage payment to promote the work of efficient workers and motivate the inefficient workers to improve their output.
 - (f) **Mental Revolution.** A technique for changing the attitudes of the management and workers towards each other.
- **Fayol's Principles of Functional Management**
 - (a) **Division of Labour.** Work should be divided into small tasks. Each employee should be trained in the job which he has to perform.

- (b) **Parity between Authority & Responsibility.** Authority means power to take decision, give order and instructions. Responsibility is the obligation to perform the given task within a specified period of time.
- (c) **Discipline.** Respect for the terms and conditions of the agreement which are directed at achieving obedience by both management and employees.
- (d) **Subordination of Individual to General Interest.** The interest of the organisation must be given more importance than the personal interests which must be sacrificed for the goals of the organisation.
- (e) **Fair Remuneration to the Employees.** The method of compensation must be just, fair and equitable for all.
- (f) **Unity of Command.** One group of workers should receive orders and instructions from and be answerable to only one boss. This will avoid confusion and indiscipline among the workers.
- (g) **Unity of Direction.** This principle states that in an organisation there should be one head and one plan for a group of activities having the same objectives.
- (h) **Centralisation & Decentralisation.** Centralisation means concentration of authority to take key decisions at the top-level of management. Decentralisation means distribution of authority by superiors to their subordinates to lower levels.
- (i) **Scalar Chain.** It refers to the flow of authority and communication from top level to lower level in the form of a hierarchy among the various superiors.
- (j) **Order.**
 - **Social Order.** There should be a specific place of work for each employee.

- **Material Order.** There should be a specific place for material, tools, etc.
- (k) **Equity.** The managers should be fair and impartial while dealing with their subordinates.
- (l) **Stability of Tenure of Personnel.** An employee should be given sufficient time to adjust to the job designated to him.
- (m) **Initiative.** Employees should be given the opportunities to show their eagerness to take initiative while they work to show their talents.
- (n) **Esprit de Corps.** Creating an atmosphere of mutual cooperation which inspires people to improve the quality and quantity of output.

OBJECTIVE TYPE QUESTIONS

MULTIPLE CHOICE QUESTIONS (MCQs)

1. Principles of management are NOT:
 - (a) Universal (b) Flexible (c) Absolute (d) Behavioural
2. How are principles of management formed?
 - (a) By experiments in a laboratory (b) By experiences of managers
 - (c) By experiences of customers (d) By propagation of social scientists
3. The principles of management are significant because of:
 - (a) Increase in efficiency (b) Initiative
 - (c) Optimum utilisation of resources (d) Adaptation to changing technology
4. Henry Fayol was a:
 - (a) Social scientist (b) Mining engineer
 - (c) Accountant (d) Production engineer
5. Which of the following statement best describes the principle of 'Division of Work'?
 - (a) Work should be divided into small tasks.
 - (b) Labour should be divided.
 - (c) Resources should be divided among jobs.
 - (d) It leads to specialisation.
6. 'She/he keeps machines, materials, tools, etc., ready for operations by concerned workers'. Whose work is described by this sentence under functional foremanship?
 - (a) Instruction Card Clerk (b) Repair Boss
 - (c) Gang Boss (d) Route Clerk
7. Which of the following is NOT a Principle of management given by Taylor?
 - (a) Science, not Rule of Thumb (b) Functional Foremanship
 - (c) Maximum not Restricted Output (d) Harmony not Discord
8. Which technique of scientific management proposed by F.W. Taylor violates the principle of 'Unity of Command'?
 - (a) Differential Piece Wage System
 - (b) Functional Foremanship
 - (c) Work Study (including Method, Motion, Time and Fatigue Studies)
 - (d) Standardisation and Simplification

9. Which of the following is not a principle of management as given by F.W. Taylor:
 - (a) Harmony, not Discord
 - (b) Science, not Rule of Thumb
 - (c) Functional Foremanship
 - (d) Maximum, not Restricted Output
10. Gang Plank is related with which principle of management?
 - (a) Unity of Direction
 - (b) Unity of Command
 - (c) Scalar Chain
 - (d) Order
11. Management should find 'One best way' to perform a task. Which technique of scientific management is defined in this sentence?
 - (a) Time Study
 - (b) Motion Study
 - (c) Fatigue Study
 - (d) Method Study

ANSWERS

1. (c) 2. (b) 3. (a) 4. (b) 5. (d) 6. (c) 7. (b) 8. (b) 9. (c) 10. (c) 11. (d)

FILL IN THE BLANKS WITH CORRECT WORDS

1. A managerial principle is a broad and _____ guideline for decision making and behaviour.
2. Management principles are not as _____ as principles of pure science.
3. Principles of management have been developed on the basis of _____ and _____ of the managers.
4. Derivation of principles of management may be said to be a matter of _____ and their creative application may be regarded as an _____.
5. Principles of management denote a _____ and _____ relationship.
6. The principles are guidelines to action but do not provide readymade, _____ to all managerial problems.
7. The principles of management are _____ prescriptions.
8. _____ means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.
9. Sharing of gains between management and workers leading to complete _____.
10. Principle, _____ is an extension of principle of 'Harmony not discord'.
11. Industrial efficiency depends to a large extent on _____ competencies.
12. Taylor advocated separation of _____ and _____ functions.
13. Functional foremanship is an extension of the principle of _____.
14. _____ refers to the process of setting standards for every business activity.
15. _____ aims at eliminating superfluous varieties, sizes and dimensions.
16. The objective of _____ is to find out one best way of doing the job.
17. _____ refers to the study of movements like lifting, putting objects.
18. _____ system helps differentiate between efficient and inefficient workers.
19. _____ involves a change in the attitude of workers and management towards one another from competition to cooperation.
20. The latest development in scientific management is _____.
21. _____ is the right to give orders and obtain obedience, and responsibility is the corollary of authority.

22. _____ requires good superiors at all levels, clear and fair agreements and judicious application of penalties.
23. _____ ensures units of an organisation should be moving towards the same objectives.
24. The principle, _____ ensures interests of an organisation should take priority over the interests of any one individual employee.
25. The principle, _____ ensures one subordinate should receive orders from and should be responsible to only one superior.
26. The principle _____ ensures congenial atmosphere and good relations between workers and management.
27. Principle of order talks about _____ order and _____ order.
28. Principle of _____ emphasises kindness and justice in the behaviour of managers towards workers.
29. Employee _____ should be minimised to maintain organisational efficiency.

ANSWERS

- | | | |
|--|--------------------------|-----------------------------------|
| 1. General | 2. Rigid | 3. Observation/experimentation |
| 4. Science / art | 5. Cause / effect | 6. Straitjacket solutions |
| 7. Flexible | 8. Scientific management | 9. Harmony |
| 10. Cooperation, not individualism | | 11. Personnel |
| 12. Planning / execution | 13. Division of work | 14. Standardisation |
| 15. Simplification | 16. Method study | 17. Motion study |
| 18. Standards | 19. Mental revolution | 20. Lean manufacturing |
| 21. Authority / responsibility | | 22. Discipline |
| 23. Unity of direction | | |
| 24. Subordination of individual interest to general interest | | 25. Unity of command |
| 26. Remuneration to employees | | 27. Material order / social order |
| 28. Equity | 29. Turnover | |

STATE WHETHER THE FOLLOWING STATEMENTS ARE TRUE OR FALSE :

1. Employees' sturnover refer to the turnover achieved by employees.
2. Management principles are as rigid as principles of pure science.
3. Principles of management contribute towards the development of management both as a science and as an art.
4. The extent of the applicability of principles of management vary with the nature of the organisation.
5. The principles of management are formed by experience and collective wisdom of managers.
6. The principles of management are rigid prescriptions, which have to be followed absolutely.
7. Principles enable a better understanding of the relationship between human and material resources.

8. The principles of management are intended to establish relationship between cause and effect.
9. Contingency is dependent upon the prevailing situation at a particular point of time.
10. Adherence to the management principles ensures control over managerial situations and circumstances.
11. The principles of management have not evolved by chance but they have been derived by the management experts.
12. Principle of order relates to orders and instructions given by superior to his subordinates.
13. When a principle is applied to a particular situation, it is known as 'cause' and the result of application of the principle is known as 'effect'.
14. Application of principles has to be changed depending upon specific requirements.
15. Taylor worked at top level whereas Fayol worked at operative level.
16. Rule of thumb means doing something just because others have been doing it.
17. Taylor suggested mental revolution as a scientific technique to change the mindset of the employees.
18. Competition is replaced with cooperation when the people work in team.
19. Discipline refers to compliance of rules and regulations by subordinates working at different levels in an organisation.
20. One group of workers should receive orders and instructions from and be answerable to only one boss.

ANSWERS

1. F	2. F	3. T	4. T	5. T	6. F	7. T	8. T	9. T	10. F
11. T	12. F	13. T	14. T	15. F	16. T	17. F	18. T	19. F	20. T

REMEMBERING AND UNDERSTANDING QUESTIONS

VERY SHORT ANSWER TYPE QUESTIONS

(1 MARK)

1. How are management principles derived?

Ans. Management principles are derived through observation and analysis of events.

2. "Management principles are applicable in all types of organisations." Which characteristic of management principles is highlighted in this statement?

Ans. Universality of management principles.

3. State any two features of management principles.

Ans. (a) Principles of management are general guidelines.
(b) Principles of management are flexible.

4. Give any one difference between principle and technique.

Ans. Principles are guidelines to take decision whereas techniques are methods to take action.

5. Give two objectives of Standardisation.

Ans. (a) It prescribes fixed type of size and features of products.
(b) It lays standards of excellence and quality in materials.

6. Give two objectives of simplification.
- Ans.** (a) It avoids unnecessary movements at the actual work place.
(b) It reduces the cost of labour, machines, tools, etc., and increases the savings.
7. Name the studies under scientific work studies.
- Ans.** (a) Fatigue Study (b) Method Study
(c) Time Study (d) Motion Study
8. Name the practitioner, who was the first to identify the functions of management like planning, organising, staffing, directing and controlling.
- Ans.** Henri Fayol.
9. “The principles of management are the guidelines to action but do not provide ready-made straight jacket solutions to all managerial problems.” Which characteristic of principles of management is referred to here?
- Ans.** Principle of management prescribed here is “General Guidelines”.
10. Why are the principles of management used as basis for research, training and development in the field of management?
- Ans.** It is so because the principles of management provide basic foundation for the recognition of management as a separate discipline and also the professional courses in the field of management are devised on the basis of these principles at the beginner’s level.
11. Name the new techniques of management developed on the basis of principles of management. (Any two)
- Ans.** Operational Research and Cost Accounting.
12. Name the principle which suggests that authority and communication should follow the official chain of command.
- Ans.** Scalar Chain.
13. Which expert of management worked at the operative level in the organisation?
- Ans.** Frederick Winslow Taylor.
14. Which technique of scientific management recommends for higher remuneration for the efficient workers and helps in the improvement of inefficient workers?
- Ans.** Taylor’s ‘Differential Piece Wage Plan’.
15. Name the technique in which the factory manager is assisted by two incharges.
- Ans.** Taylor’s technique of “Functional Foremanship”.
16. Which technique of Taylor violates the applicability of Fayol’s principle of ‘Unity of Command’?
- Ans.** Functional Foremanship.
17. Who is known as the father of Scientific Management?
- Ans.** Frederick Winslow Taylor.
18. Why is it said that management principles are universal?
- Ans.** It is said so because the principles of management are applicable to all kinds of organisations.
19. Give any two advantages of management principles.
- Ans.** (a) Principles of management help in the optimum utilisation of resources.
(b) Principles of management facilitate scientific decisions.

20. Which principle of management suggests 'a place for everyone/everything and everything/everyone in proper place'?
- Ans.** Principle of Order.
21. The principles of management are not rigid and can be modified when the situation demands." Which nature of management principles is being discussed here?
- Ans.** Flexibility.
22. Which principle of management suggests that communication from top to bottom should follow the official lines of command?
- Ans.** Scalar Chain.
23. State any one reason why 'Principles of Management' are important?
- Ans.** Principles of management are important as they help in achieving optimum utilisation of resources.
24. Why is it said that 'Principles of Management' are contingent?
- Ans.** The application of principles of management is contingent or dependent upon the prevailing situation at a particular point of time as the application of a principle has to be changed as per requirements.
25. Define scientific management.
- Ans.** Application of a scientific approach to managerial decision-making.
26. "The principles of management are different from those used in pure science." Write Any one difference.
- Ans.** Principles of management are flexible as they have to be applied to the human beings whereas the principles used in pure science are firm laws.
27. Why the "Principles of Management" are called universally applicable?
- Ans.** The principles of management are universally applicable as they can be applied in sort of organisations at all levels.
28. Do you agree with the statement that management principles are rigid? Why?
- Ans.** No, I don't agree that the principles of management are rigid as these principles are applicable to the human beings whose nature is always tend to change from time to time.
29. List any two principles of 'Scientific Management' formulated by Taylor for managing an organisation scientifically.
- Ans.** (i) Science, not Rule of Thumb. (ii) Harmony, not Discord.
30. Give one reason why the management principles are required.
- Ans.** Management principles provide the managers with useful insight into the real world situations and help in increasing their efficiency.
31. Give any one reason why the principles of management do not provide readymade solutions to all managerial problems.
- Ans.** Principles of management do not provide readymade solutions to all managerial problems as these principles provide general guidelines how to deal with the problems in the complex and dynamic world situations. Solutions have to be found out by the managers themselves.
32. Name the principle of management which requires good supervisors at all levels, clear and fair agreements and judicious application of penalties?
- Ans.** Principle of discipline.

33. The subordinates in a company receive orders regarding their work from different operative heads for the same task. Which principle of management is being overlooked and why?
- Ans.** Principle of unity of command has been overlooked by the management.
34. Factory owners or managers relied on personal judgment in attending to the problems they confronted in the course of managing their work. Which principle of Taylor is it referring to ?
- Ans.** 'Rule of Thumb'.
35. What does 'Gang Plank' in scalar chain indicate about the nature of management principles?
- Ans.** It indicates that the principles of management are flexible and can be violated in case of emergencies.
36. What are the basic conditions to use the concept of Gang Plank?
- Ans.** (a) Two superiors must be of the same rank.
(b) They must have informed their respective superiors.
37. Why did Fayol introduce the concept of 'Gang Plank' in the principle of 'Scalar Chain'?
- Ans.** Fayol introduced the concept of Gang Plank to avoid the possibility of delays in taking important and urgent decisions without following formal chain of communication between two superiors of equal ranks in two different departments.
38. What do you mean by Mental Revolution?
- Ans.** Mental Revolution means revolutionary change in the attitude of both workers and managers from competition to cooperation.
39. Which technique of Taylor acts as the strongest motivator for a worker to reach standard performance?
- Ans.** Differential piece wage system.
40. Which technique of Taylor separates 'Planning' and 'Execution' functions?
- Ans.** Functional Foremanship.
41. Principle of cooperation, not individualism, is an extension of which principle given by Fayol?
- Ans.** Principle of Harmony, not Discord.
42. What is the aim of Method study?
- Ans.** The aim of method study is to find one best method of doing the job.
43. What is the aim of motion study?
- Ans.** The aim of this study is to eliminate unnecessary movements so as to ensure timely completion of work.
44. What is the purpose of time study?
- Ans.** To estimate/determine a fair day's work.
45. Name the techniques of Taylor which is the strongest motivator for a worker to reach standard performance.
- Ans.** Differential Piece Wage system.

46. Name the principle of Taylor which is the extension of the principle, “Harmony, not Discord”.

Ans. Cooperation not individualism.

47. A company manufacturing motorcycles and cars should have separate divisions for both, headed by separate divisional managers, separate plans and resources. Identify the principle with the help of this example.

Ans. Unity of Direction.

48. “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.

49. What did Taylor wish to emphasise through the technique mental revolution?

Ans. Taylor emphasised for a revolutionary change in the attitude of both the employer and employees to understand each other in a better way.

SHORT ANSWER TYPE QUESTIONS

(3–4 MARKS)

1. An organisation follows the principles of management. What are the adverse effects of each of the following principles of management if followed in the organisation?

- (i) Unity of Command
- (ii) Stability of tenure of personnel

Ans. Adverse effects of said principles are:

- (i) Unity of Command: If this principle is followed, work gets delayed as the employees may be required to wait for the instructions which results in wastage of time and cost.
- (ii) Stability of personnel: If employees are not rotated on different jobs frequently, they can specialize only in a small part of the whole process of production and thus can never become versatile.

2. Explain how principles of management

- (i) help the managers in taking scientific decisions?
- (ii) provide the managers with useful insights into real world situations?

Ans. (i) **Help the managers in taking scientific decisions.** Principles of Scientific management as prescribed by Taylor insist on rational, scientific decisions and logical reasoning after making detailed research and investigation, finding pros and cons of each method and technique. Such decisions are very helpful at the time of sudden changes/emergencies.

- (ii) **Provide the managers with useful insights into real world situations.** The principles of management provide the managers with useful insights into real world situations. These principles enable managers to learn from past mistakes and conserve time by solving recurring problems quickly.

ANALYSIS BASED QUESTIONS

VERY SHORT ANSWER TYPE QUESTIONS

1. The principles of management are different from those of pure sciences. State any one difference.

- Ans.** (a) The principles of management are applied to human beings whereas pure sciences relate to the nature.
- (b) Principles of management are flexible whereas the principles of pure science are rigid.
- 2.** How do the principles of management provide insights to the managers?
- Ans.** Principles of management provide insights to the managers by enhancing their knowledge, logical reasoning and scientific thinking.
- 3.** What does the Taylor's principle 'Harmony, not Discord' state?
- Ans.** Harmony refers to agreement in feeling or opinion and discord refers to tension or strife resulting from a lack of agreement.
- 4.** What is the difference between techniques and principles of management?
- Ans.** Techniques are general guidelines whereas principles of management are specific strategies.
- 5.** Which technique of Taylor is the extension of Fayol's principle, 'Division of Labour'?
- Ans.** Functional Foremanship.
- 6.** How can the harmony be maintained according to the suggestion by Taylor?
- Ans.** By bringing the change in the attitude in the minds of employers and employees with the help of technique called 'Mental Revolution'.
- 7.** What is the meaning of 'Principle of Discipline' in context to the business organisation?
- Ans.** Discipline with reference to the business organisations means fulfillment of commitment by both employers and employees to each other.
- 8.** Name the principle which speaks about the concentration of power with the top-level or in the hands of one person in an organisation.
- Ans.** Principle of Centralisation of Authority.
- 9.** Name the principle of management which resembles to military organisation.
- Ans.** Principle of Centralisation of Authority.
- 10.** Name the principle which speaks about the dispersal of power from the top level to the bottom level in an organisation.
- Ans.** 'Decentralisation of Authority' which is necessary, when an organisation works at a large scale and performance of the work is not possible in one or limited hands.
- 11.** While practising the management, why values cannot be neglected?
- Ans.** Values refer to the social responsibility of a business organisation towards the society which is necessary to be fulfilled to survive in the competitive business environment.
- 12.** Why are the principles of management gaining importance so rapidly in the current environment?
- Ans.** The main reason for the importance of principles of management is that the management is being highly recognised as a separate discipline and is being taught throughout the world in the form of management degrees like B.M.S., M.B.A., M.B.E., etc.
- 13.** "They have to be applied very carefully depending upon the organisational requirements and situational demands." Which characteristic of principles of management is referred here?
- Ans.** Principles of management are contingent in nature.

14. Which concept of 'Chain of Command' permits two managers of the same rank or level to communicate directly by violating the 'hierarchy'?
- Ans.** Gang Plank.
15. "Subordinates report to their immediate superior and the superiors report directly as subordinates to their superiors". Which principle of management is referred here?
- Ans.** Scalar Chain.
16. Which principle of Taylor recommends scientific enquiry instead of hit and trial method?
- Ans.** The principle, "Science, not the Rule of Thumb".
17. Which technique of scientific management aims at elimination of superfluous varieties, sizes and dimensions of products?
- Ans.** Simplification of Work.
18. What aims does the technique "Functional Foremanship" try to achieve?
- Ans.** Division of work to achieve specialisation.
19. What is the purpose of "Scientific Management"?
- Ans.** To find the best way of doing a job.
20. Which principle prescribes that work should be divided into small tasks to attain specialisation in the work performance of each worker?
- Ans.** Fayol's principle of "Division of Work".
21. "In order to be successful, an organisation must change itself and its goals according to the needs of the environment." Which important principle of management is referred to here?
- Ans.** Meeting changing environment requirements.
22. The owners of Max India relied on their personal judgements while sorting out the problems they face in day-to-day routine of their work. Which principle of Taylor is followed by the management?
- Ans.** Science, not the rule of thumb.
23. One of the techniques given by F.W. Taylor violates a principle given by Henry Fayol. Identify the technique and principle.
- Ans.** Functional foremanship and the unity of command.
24. Name the technique of Taylor which is based on one of his scientific principles of management.
- Ans.** The scientific technique of 'mental revolution' is based on the scientific principle of management, 'harmony not discord'.
25. One of the techniques given by F.W. Taylor is the extension of a principle given by Henry Fayol. Identify such technique and principle.
- Ans.** The technique of 'functional foremanship' is the extension of the principle of 'division of work'.

SHORT ANSWER TYPE QUESTIONS

1. The principles of management are the guidelines to action but do not provide ready-made straight jacket solutions to all managerial problems, why? Explain with three reasons.

Ans. It is so because:

- (a) The principles of management are not rigid and are advisory in nature.
- (b) The business organisations deal in the dynamic environment which is affected by so many external and internal factors.
- (c) Principles of management are related to human beings whose behaviour tends to change from time to time.

2. What is the main difference between Fayol's principle of 'Unity of Command' and Taylor's technique 'Functional Foremanship'?

Ans. Fayol insisted to receive orders and instruction by an employee from one superior whereas under the technique of functional foremanship workers receive instructions from eight specialists which is contrary to the principle of Unity of Command.

3. If an organisation does not provide the right place for the physical and human resources in an organisation, which principle is violated? What are the consequences of it?

Ans. Henri Fayol's principle of 'Order' is violated in this situation. If the right person is not appointed for the right job, he will lose interest in his job and his efficiency level will decline. Similarly, if the physical resources like material, tools, equipments, etc., are not kept at their own place, the employees will have to search for that which will waste lot of time in searching and finding.

4. One of the Fayol's principle points out the "Danger and Costs of Unnecessary Labour Turnover." Name and explain the relevant principle.

Ans. The relevant Fayol's principle is "Stability of Tenure". (Explain briefly)

5. "Workers should be encouraged to develop and carry out their plans for improvements." Identify the principle of management formulated by Fayol and explain it.

Ans. The principle 'Initiative' by Henri Fayol suggests that the workers should be given freedom to prepare suggestions for the improvement in standards based on their first-hand practical experiences.

6. Name and explain the technique of Taylor which is the strongest motivator for a worker to reach standard performance.

Ans. The technique 'Differential Piece Rate Plan' is the strongest motivator for a worker to reach standard performance.

(For explanation of this technique, refer to the techniques of Taylor.)

7. Why does the principle of 'Unity of Command' not hold good in the case of Functional Foremanship?

Ans. The principle of 'Unity of Command' does not hold good in the case of Functional Foremanship because each worker has to receive orders and instructions from the eight specialists whereas the principle of Unity of Command suggests that each worker should receive orders and instructions from one superior only.

8. State any three reasons as to why proper understanding of management principles is necessary.

Ans. Proper understanding of management principles is necessary because of the following reasons (any three):

- (a) They provide managers with useful insight into reality.
- (b) They help in optimal utilisation of resources and effective administration.
- (c) They help in meeting environmental requirements.
- (d) They are used as basis for management, training, education and research.

9. How do management principles ensure optimum utilisation of resources and effective administration?

Ans. In every organisation, resources such as men, machine, material and money play a vital role. Management principles are designed in such a way that maximum benefits from these resources can be achieved with minimum resource wastage. Along with this, the principles of management also help in establishing effective administration by limiting the boundary of managerial discretion that their decisions may be free from personal biases.

For *example*, while deciding the annual budget for different departments, a manager is required to follow the principle of contribution to organisational objectives and not personal preferences.

10. 'Principles of management are different from that of pure science as they deal with human behaviour and are to be applied creatively given the demands of the situation.' Identify and explain the nature of principle of management.

Ans. Management Principles are Flexible (explain briefly)

11. The principles of Taylor and Fayol are mutually complementary. One believed that the management should share the gain with workers while the other suggested that employees' compensation should depend upon the earning capacity of the company and should give them a reasonable standard of living.

Identify and explain the principles of management by Taylor and Fayol referred to in the above paragraph.

Ans. **Harmony, not discord (Taylor):** (Explain briefly)

Fair Remuneration (Fayol): (Explain briefly)

12. Identify the techniques of scientific management in the following situations:

- (a) When each employee is supervised by various supervisors.
- (b) When there is change in the outlook between workers and management towards each other for mutual gains.
- (c) When standard tools, equipments, methods and techniques are set after rigorous research.

Ans. Functional foremanship; (b) Mental revolution and (c) standardisation.

13. A proper understanding of the principles of management is necessary. State any three reasons.

Ans. The understanding of the principles of management is necessary for the following three reasons:

- (a) They provide useful insights into reality.
- (b) They help in meeting environmental requirements.
- (c) They help in optimum utilisation of resources.

14. Principles of management enable managers to learn from the past and conserve time by solving recurring problems quickly. Identify and explain the importance of management principle highlighted above.

Ans. Providing managers with useful insights into reality (Explain)

15. Differentiate between scalar chain and hierarchy.

Ans. **Scalar chain** is the number of layers ranging from top to bottom level in an organisation whereas **hierarchy** is a ranking of people/job positions from top to bottom level. The person at the top of the hierarchy possesses the most power.

16. A firm wants to decide and fix the standard output of a worker per day. What should it do?

Ans. To calculate the standard output of a worker per day, it should conduct 'time study' of different employees to know how much time they take to complete a given task. The total time taken by all such employees is divided by the number of employees to find out time to be taken to achieve a standard output.

17. Discuss the relevance of Taylor and Fayol's contributions in contemporary business environment.

Ans. Both Taylor and Fayol have put forward the principles of management on the basis of their experience. Taylor was mainly concerned on the shop floor area whereas Fayol was concerned on the top level management. Taylor's principles are widely accepted in the corporate world and in the factories as they are directly related with production and efficiency. Principles propounded by Fayol, on the other hand, are general in nature and are applied at all levels of management. Some of his principles are applied as they are and some are flexible in nature, which are subject to change as per the prevailing situations in an environment.

18. How do the techniques of time study and motion study help in improving the efficiency level?

Ans. The techniques of time and motion study help in improving efficiency by:

- (i) Setting up standard time required to perform a job.
- (ii) Setting up daily/weekly targets on the basis of standard time calculated scientifically.
- (iii) By cutting down the wasteful and unproductive movements.
- (iv) Saving the energy of employees spent on unproductive movements.

19. What is the 'utility of gang plank'?

Ans. Utility of Gang Plank: As per the principle of scalar chain, all the orders, instructions etc., must pass through an established official route. However, in case of urgency, the established chain can be violated and gang plank, i.e., direct contact, can be established with concerned officials. Thus, by following gang plank, unnecessary delay in the communication and execution of task can be avoided subject to fulfillment of following conditions: (1) The concerned officials must have informed their respective superiors. (2) Both concerned officials must be working at the same level.

LONG ANSWER TYPE QUESTIONS

1. Do you agree with the view that ‘Taylor’s principles of scientific management and Fayol’s principles of management are mutually complementary’? Give reasons.

Ans. Taylor’s principles of scientific management and Fayol’s principles of management are mutually complementary on the following grounds:

Basis	Taylor	Fayol
1. Approach	His principles and techniques are based on bottom upward approach	His principles are based on top-downward approach
2. Relation	Relevance mainly with respect to production	Relevant in all functional areas
3. Nature	Techniques are most specific	Principles are general in nature having inputs of flexibility
4. Focus	Workers’ efficiency	Managerial efficiency
5. Scope	Functional foremanship creates multiple accountability of workers	Unity of command creates single accountability

Note: ‘Complementary’ means the use of two things when each adds something to the other or helps to make the other better

APPLYING AND EVALUATION BASED QUESTIONS

VERY SHORT ANSWER TYPE QUESTIONS

1. Appliances India Ltd. is engaged in manufacturing and distribution of home appliances since 1987. It has a good name in the market as the company is producing good quality appliances. It has separate departments for manufacturing, finance, sales, maintenance services and technical services to achieve specialization.

Since the areas of operations of the company have increased and customers have become more demanding, the company decided to modify the existing principle of management to meet the changing requirements of the environment.

State the general principle of management which the company wants to modify to meet the changing requirement. (CBSE 2019 Delhi Region)

Ans. (Division of work)

2. The directors of ‘Satyam Infotech Limited’, an organisation manufacturing computers, want to double the sales and have given this responsibility to the sales manager. The sales manager has no authority either to increase sales expense or appoint new salesmen. Hence, he could not achieve this target.

Identify the principle violated in this situation.

Ans. Principle of Authority and Responsibility.

3. A sales person is asked to finalise a deal with customer. The marketing manager allows him to give a discount of upto 10% but the Finance Manager allows him to give discount of upto 25%.

Which principle is violated here?

Ans. Unity of Command.

4. The general manager of a company asks the sales manager to offer a discount on the selling price of not more than 5% but the customer demanded discount @10% and he did so.

Which principle of management is violated here?

Ans. Principle of 'Parity of Authority with Responsibility' has been violated here as he discharged his responsibility beyond his authority.

5. Sterlite Industries (India) Limited provides training based on one of the scientific principles of management to make the workers learn the best method of production which emphasises that each employee in the organisation should be scientifically selected and the work assigned to the employees should suit their physical, mental and intellectual capabilities.

Name the principle of scientific management involved in the above situation.

Ans. Development of each and every person to his or her greatest efficiency and ability.

6. Indian Oil Limited believes finding the best way of performing a job through application of scientific analysis and not by intuition or hit and trial methods. This is related to one of the principles of management. Name the principle.

Ans. Science, not Rule of Thumb

7. Beena, a student of management, likes to relate what she learnt in class to real life situations. She observed many situations while watching educational programmes on television that remind her of concepts of Scientific Management. In one such programme, factories manufacturing parts for products like automobiles, computers and mobile phones were being telecast.

Name the technique of Scientific management that should be adhered to, while manufacturing parts for such products. (Compartment Delhi/Outside 2017)

Ans. Standardisation of work

SHORT ANSWER TYPE QUESTIONS

1. Veronika and Laxmi completed their Masters in Business Economics from Delhi School of Economics. Laxmi belongs to a rural area in Sikkim whereas Veronika belongs to Delhi. They got the campus recruitment in 'India Infoline Limited' on the post of 'Online Development Manager'. Ignoring the differences between the two, company decided to give same salary package of ₹ 6,00,000 per annum.

- (i) Name and explain the principle of management being followed in the above case.
(ii) Identify the values on which Management of 'India Infoline Limited' emphasised by not differentiating between the two.

Ans. (i) **Principle of Equity:** (Explain briefly)

(ii) **Values emphasised:** (Explain briefly)

- Impartiality
- Equal opportunities

2. The production manager of Bharat Cosmetics Limited instructs a salesman to go slow in selling the product, whereas the marketing manager is insisting on fast selling to achieve the target.

- (a) Which principle of management is being violated in this case?
- (b) State the consequences of violation of this principle.

Ans. (a) The principle of '**Unity of Command**' is violated in the said case because the salesman is being instructed by two bosses at a time.

(b) **Consequences of violation of this principle:**

- (i) It would create confusion in the mind of employees whose instruction they should follow and the employees would not be able to follow either of the instructions.
- (ii) It would bring leisure time for the employees but insecurity in the job as well.

3. The Directors of 'Bhupendra Computers Limited', an organisation manufacturing computers, want to double the sales and have given this responsibility to their sales manager. The sales manager has no authority either to increase the sales expense or appoint new salesman. Hence, he could not achieve his target.

- (a) Is the sales manager responsible for not achieving the target?
- (b) Identify and explain the relevant principle.

Ans. (a) No, the sales manager is **not responsible** for the non-achievement of the target as he was not given adequate authority proportionate to his responsibility.

(b) **Parity between Authority and Responsibility:** (Explain briefly)

4. A company is manufacturing cosmetics, medicines, health products and skin care products. It has separate divisions headed by divisional heads and each division consists of separate departments with respective departmental heads. Each department has different groups and units. Each division, department, group and unit has its own goals and objectives.

Which principle of management is being followed in the said organisation? Explain.

Ans. **Principle of Unity of Direction** (Explain briefly)

5. The management of 'Zebra Cosmetics Limited' received an order to be executed within a short period of time. The management discussed the issue with workers and it was mutually agreed that the workers would do the job on the double shifts and their efforts would be rewarded by paying double rate of units for the extra time. Later the management paid their wages at the normal rate.

Which principle in this situation has been violated? Explain.

Ans. **Principle of Discipline** (Explain briefly)

6. You are the head of your school. It comes to your notice that books are kept in office, chalks in the library and office records in the staff room.

- (a) How will it affect the achievement of school's objectives?
- (b) Which principle of management is ignored here?
- (c) As the head, what steps will you take to rectify the shortcomings?

Ans. (a) Achievement of school objectives will be adversely affected due to lack of system for the right things at the right place which will result in wastage of resources and create chaos in the minds of employees.

- (b) The staff of school has ignored Henri Fayol's principle of 'Order'.
- (c) The things must be placed at their respective places after their use so that the things can easily be located for their reuse.

7. Aishini Agro (OPC) Private Limited, run by Mr Nishant Ali, deals in manufacturing soft toys. As the Friendship Day approaches, Mr Nishant decided to double the production and halved the rest intervals of the employees. This strategy led to a decline in efficiency instead of the increase in production. Identify and explain the technique of scientific management ignored by Mr Nishant.

Ans. Fatigue Study: (Explain briefly)

8. The manager in the 'Saraswati Eduwares Limited' is very lax with his subordinates and does not explain to them the parameters, rules and regulations for reporting in work and completion of work.

Identify and explain that the principle of management is misused.

Ans. (a) Principle of Parity of Authority and Responsibility: (Explain briefly)

9. Apaar Foundation is a Non-Governmental Organisation (NGO) working to improve the lives of children with medical needs, the homeless and victims of natural disasters. Apart from donations in cash, they collect dry ration, old clothes, shoes, toys, books and medicines from donors. At Apaar Foundation's office in Bhopal, the material collected is segregated, classified and put in shelves and boxes that are labelled systematically. There is a specific place for each of these items and volunteers put everything at their respective places.

The volunteer work is divided into specific jobs like fund raising, field visits, social media updates and so on. Each volunteer is part of a particular team, depending on their competency and training. Each volunteer becomes specialised in their respective field, leading to efficient utilisation of human effort.

- (i) Identify and explain two principles of management adopted by Apaar Foundation.
- (ii) State two values that Apaar Foundation is displaying and promoting in society through their work. (Compartment Delhi 2017)

Ans. (i) Principles of management adopted by Apaar Foundation are:

(a) **Principle of order:** (Explain briefly)

Reason: There is specific place for each item and everything is found at their respective place.

(b) **Principle of division of work:** (Explain briefly)

Reason: Volunteer work is divided into specific jobs. Each volunteer becomes specialised.

(ii) Values that Apaar Foundation is displaying and promoting are: (Any two)

- Concern for the society.
- Optimum utilisation of resources.
- Sensitivity towards the environment.

10. Sanchit, after completing his entrepreneurship course from Sweden returned to India and started a coffee shop 'Aroma Coffee Can' in a famous mall in New Delhi. The speciality of the coffee shop was the special aroma of coffee and a wide variety of flavours to choose from. Some how, the business was neither profitable nor popular. Sanchit was keen to find out the reason. He appointed Sandhya, an MBA from a reputed college, as a manager to find out the causes for the same.

Sandhya took feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analysed and found out that there were many unnecessary obstructions in between which could be eliminated. She fixed a standard time for processing the order. She also realised that there were some flavours whose demand was not enough. So, she also decided to stop the sale of such flavours. As a result within a short period Sandhya was able to attract the customers.

Identify and explain any two techniques of scientific management used by Sandhya to solve the problem. (Delhi 2017)

- Ans.** (a) **Time Study:** Fixation of standard time due to long waiting time. (It relates to standardisation of work)
- (b) **Motion Study:** Elimination of unnecessary obstructions is the result of motion study. (It relates to simplification of work)

Note: Students also wrote standardisation and simplification of work and they were also given marks. Stoppage of unwanted flavours is not related to any technique.

11. Kanpur Leather Limited is a manufacturer of leather products. It produces leather on a large scale and its organisational structure is functional. In the production department, various foremen have been employed. Each foreman has been made responsible for production planning, implementation and control. This has led to a situation of confusion and uncertainty.

Suggest a technique of scientific management to Kanpur Leather Limited which may help it in effective planning and execution.

(Compartment – Delhi/Outside Delhi 2016)

- Ans. Functional foremanship:** (Explain briefly)

12. ABC Limited is engaged in producing electricity from domestic garbage. There is almost equal division of work and responsibility between workers and management. The management even takes workers into confidence before taking important decisions. All the workers are satisfied as the behaviour of the management is very good.

(a) State the principle of management described in the above para.

(b) Identify any two values which the company wants to communicate to the society.

(Delhi Compartment 2014)

- Ans:** (a) **Cooperation, not Individualism:** (Explain briefly)

(b) **The values** which the company wants to communicate to the society:

- Good behaviour in human interaction.
- Concern for the environment.

13. Voltech India Limited is manufacturing LED bulbs to save electricity and running under heavy losses. To revive from the losses, the management thought of shifting the unit to a backward area where labour is available at a low cost. The management also asked the workers to work overtime without any additional payment and promised to increase the wages of the workers after achieving its mission. Within a short period the company started earning profits because both the management and the workers honoured their commitments.

- (a) State the principle of management described in the above para.
(b) Identify any two values that the company wants to communicate to the society.
(Delhi Compartment 2014)

Ans. (a) **Discipline:** (Explain briefly)

- (b) **The values** that the company wants to communicate to the society are:
- Concern for the environment.
 - Development of backward regions.

14. Pawan is working as a 'Production Manager' in CFL Limited engaged in manufacturing of CFL bulbs. There is no class-conflict between the management and workers. The working conditions are very good. The company is earning huge profits. As a policy matter, management is sharing the gains with the workers because they believe that prosperity of the company cannot exist for a long time without the prosperity of the employees.

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

(Outside Delhi Compartment 2014)

Ans. (a) **Harmony not discord:** (Explain briefly)

- (b) **The values** which the company wants to communicate to the society are:
- Sensitivity towards the environment.
 - Good behaviour in human interaction.

15. Telco Limited is manufacturing files and folders from the old clothes to discourage use of plastic files and folders. For this they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for the cost reduction but it was not welcomed by the production manager. Another employee gave some suggestion for improvement in design, but it was also not appreciated by the production manager.

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

(Outside Delhi Compartment 2014)

Ans. (a) **Initiative:** (Explain briefly)

- (b) **The values** which the company wants to communicate to the society are:
- Sensitivity towards the environment.
 - Creation of job opportunities.
 - Development of backward regions.

LONG ANSWER TYPE QUESTIONS

- 1.** Bhasin Limited was engaged in the business of food processing and selling its products under a popular brand. Lately, the business was expanding due to good quality and reasonable prices. Also with more people working, the demand for processed food in the market was increasing. New players were also coming to cash in on the new trend. In order to keep its market share in the short run, the company directed its existing workforce to work overtime.

But this resulted in many problems. Due to increased pressure of work, the efficiency of the workers declined. Sometimes the subordinates had to work for more than one superior resulting in declining efficiency. The divisions that were previously working on one product were also made to work on two or more products. This resulted in a lot of overlapping and wastage. The workers were becoming indisciplined. The spirit of teamwork, which had characterised the company previously, was beginning to wane.

Workers were feeling cheated and initiative was declining. The quality of the products was beginning to decline and market share was on the verge of decrease. Actually the company has implemented changes without creating the required infrastructure.

Required

1. Identify the principles of management that were being violated by the company.
2. Explain these principles in brief.
3. What steps should the company management take in relation to the above principles to restore the company to its past glory? (NCERT)

Ans. 1. The following principles of management have been violated:

- | | |
|-----------------------|-----------------|
| (a) Division of Work, | (b) Discipline, |
| (c) Unity of Command, | (d) Initiative, |
| (e) Esprit de Corps. | |

2. Refer: Fayol's principles of management for explanation.

3. Company should take following steps to restore its reputation in the market:

- (a) The company should introduce scientific management with regard to production.
- (b) Separate planning work from operational work by adopting the technique of Functional Foremanship.
- (c) Adopt scientific work study, i.e. Time Study, Method Study, Fatigue Study and Motion Study.
- (d) Technique of standardisation should be applied strictly.
- (e) To encourage the employees to achieve higher output, Differential Wage Plan should be introduced.

2. The management of company Bhasin Limited now realised its folly. In order to rectify the situation it appointed a management consultant -Mukti Consultants - to recommend a restructure plan to bring the company back on the rails. Mukti Consultants undertook a study of the production process at the plant of the company Bhasin limited and recommended the following changes:

1. The company should introduce scientific management with regard to production
2. Production Planning including routing, scheduling, dispatching and feedback should be implemented.
3. In order to separate planning from operational management 'Functional foremanship' should be introduced.
4. 'Work study' should be undertaken to optimize the use of resources.
5. 'Standardization' of all activities should be implemented to increase efficiency and accountability.

6. To motivate the workers 'Differential Piece Rate System' should be implemented.

The above change should be introduced apart from the steps recommended as an answer to Part c - case problem 6 above.) It was expected that the changes will bring about a radical transformation in the working of the company and it will regain its pristine glory.

- (a) Do you think that introduction of scientific management as recommended by Mukti consultants will result in intended outcome?
(b) What precautions should the company undertake to implement the changes?

Give your answer with regard to each technique separately as enunciated in points 1 through 6 in the case problem.

Ans. (a) I think that introduction of scientific management should take place after due consultations with all stakeholders and obtaining their motivated willingness. It will result in improvement of company's fortunes. However, all the changes should not neglect the human factor.

(b) The following precautions should be undertaken:

- (i) The scientific management introduced should be introduced with the latest version which includes lean manufacturing and other techniques.
(ii) Production planning including routing, scheduling, dispatching and feedback should be implemented keeping in mind the human factor and not neglecting it. This will result in better compliance of decisions taken.
(iii) Functional foremanship will be good but since it neglects unity of command it might not result in tangible benefit to the company. Also in today's circumstances it is not practical to ask a worker to follow so many bosses.

4. Work study is good but it reduces a worker to a machine. As such it neglects behavioural aspect which is not practical any more.

5. Standardization should be implemented in the right earnest. It will improve productivity and also reduce quality variations. But right training and willingness of workers must be obtained.

6. 'Differential Piece Rate System' if introduced should be done with extreme caution. It must not result in unhealthy competition. However alternatives like monetary and non-monetary incentives can be introduced in place of 'Differential Piece Wage System'.

3. David, an employee in Jindal Steel Limited, was instructed by Mr. Robert (production manager) to increase production of steel due to excess stock of steel. On the other hand, Mr. John (sales manager) directed him not to increase the steel production as there was low demand for steel in the market.

David got confused regarding whose order to follow and hence was unable to work in a proper manner. Because of overlapping orders and instructions, David was unable to satisfy both the bosses which led to conflict in the organisation.

(a) Name and explain the principle not being followed.

(b) Give any two advantages of following this principle.

(c) Name the values that can be gained by following the above principle.

Ans. (a) **Unity of Command:** (Explain briefly)

(b) **Advantages of following the principle 'Unity of Command':**

- (i) Preventing overlapping of activities.
- (ii) Promotes coordination.

(c) **Values that can be gained:**

- Avoidance of conflicts
- Maintenance of harmony between supervisors and employees.

4. Sterlite Industries (India) Limited provides training from time based on one of the scientific principles of management to make the workers learn the best method of production which emphasises that each employee in the organisation should be scientifically selected and the work assigned to the employees should suit to their physical, mental and intellectual capabilities.

- (i) Name and explain the principle of scientific management involved in the above situation.
- (ii) Name the principle of scientific management which is concerned with selecting the best way of performing a job through application of scientific analysis and not by intuition or hit and trial methods.
- (iii) Name the values emphasised by following the principle in part (a) above.

Ans. (i) **Development of each and every person to his or her greatest efficiency and ability:** [Explain briefly]

(ii) **Science, not Rule of Thumb:** According to this principle, there should be complete removal of the use of outdated methods which are based on intuition, trial and errors or hit and miss methods. There should be scientific enquiry, analysis, research and understanding before finalizing any methods or technique.

(iii) **Values emphasised:** (Explain briefly)

- Growth for all.
- Prosperity for workers and the company
- Caring for employees.
- Responsible for the optimum utilisation of scarce resources.

4. The production level of 'Petronet LNG Limited' was declining sharply and the company was receiving the complaints from the workers continuously. The management tried to make a detailed analysis to find out the reasons. It found Mr. Michael, the production manager, in order to increase the production, was forcing the workers to work for long hours without paying any extra wages and rest intervals. Company decided to infuse new blood and replaced Mr. Michael with Mr. Robert who had recently completed his MBA from IIM Indore. Mr. Robert decided to reward for all efforts of the employees apart from their regular wages, allotted rest intervals and arranged for tea and snacks so that they could recharge their energy and give their maximum to enhance productivity.

(a) Name and explain the technique of Scientific Management adopted by Mr. Robert.

- (b) Suggest Mr. Robert the technique of scientific management to find out the best ways of doing a job.
- (c) State the values emphasised by allowing small pauses to workers.

Ans. (a) **Fatigue Study:** (Explain briefly)

(b) **Method study:** (Explain briefly)

(c) **Values emphasised:**

- Respect toward employees
- Humanity
- Care for employees' health

5. Mr Rattan of 'Zebra Cosmetics Limited' usually comes late to his office and it did not come into the notice of management. Seeing his habit, other employees followed his tendency of coming late and started going back before schedule time. When this irregularity came to the notice of management, it installed a biometric machine, which was connected through Internet and top management could watch the in-and-out time of the employees.

- (a) Identify and explain the principle of management was being violated by the employees.
- (b) State one adverse effect of violation of the said principle.
- (d) State the values being ignored by the employees in this case.

Ans. (a) **Discipline:** (Explain briefly)

(b) **Adverse effect on violation of the principle:** Difficulty in maintaining healthy and cordial working atmosphere.

(c) **Values ignored by employees:**

- Discipline
- Productivity.

6. Flavours Ltd. was engaged in the business of making handmade chocolates. Lately, the business was expanding due to good quality and reasonable prices. As the demand was increasing, Flavours Ltd. decided to explore bakery products as well. In order to make bakery products the company directed its workforce to work overtime but this resulted in multiple problems.

Due to increased pressure the efficiency declined and the workers had to take orders from more than one superior. Workers were overburdened and their health was also affected. Gradually the quality of the products begins to decline and market share also went down. The company realised that they had implemented changes without waiting for the required infrastructure.

Identify and explain the principles/technique of Taylor/Fayol referred to in the above para.

(Sample Paper 2018–19)

Ans. (a) **Principle of Henry Fayol**

Unity of Command: (Explain briefly)

(b) **Technique of Taylor**

Fatigue Study: (Explain briefly)

7. Deewan Limited is a multinational consulting company with its headquarters at Washington D.C. It hires young people from different countries of the world. It is a company in which people dream to work because of its work environment, pay and growth prospects. The company has a culture of open communication and people of various nationalities work together in a discrimination-free environment. The behaviour of managers of Deewan Limited emphasises kindness and justice which ensures loyalty and devotion of workers.

It also promotes mutual trust and belongingness among team members. In this way management of Deewan Limited is able to achieve its objectives by promoting teamwork. By doing so managers of Deewan Limited are following some principles of management.

Identify and explain any two such principles.

(Compartment Delhi/Outside Delhi 2018)

Ans. The two principles of management followed by managers of Deewan Limited are:

(a) **Equity:** (Explain briefly)

(b) **Espirit de Corps:** (Explain briefly)

Note: Marks allocation as per CBSE marking scheme [(1/2 mark for identification of each principle + 2 marks for its explanation) 2 = 5 marks]

8. Karan Nath took over 'D'north Motor Company' from his ailing father three months ago. In the past the company was not performing well. Karan was determined to improve the company's performance. He observed that the methods of production as well as selection of employees in the company were not scientific.

He believed that there was only one best method to maximise efficiency. He also felt that once the method is developed, the workers of the company should be trained to learn that 'best method'. He asked the Production Manager to develop the best method and carry out the necessary training. The Production Manager developed this method using several parameters right from deciding the sequence of operations, place for men, machines and raw materials till the delivery of the product to the customers. This method was implemented throughout the organisation. It helped in increasing the output, improving the quality and reducing the cost and wastage.

Identify and explain the principles and the technique of scientific management followed by the Production Manager in the above case. (Delhi/Outside Delhi 2018)

Ans. (a) **Principle followed:**

1. Science, not rule of thumb
2. Development of each and every person

(b) **Technique identified:**

Method study: (Explain briefly)

Reason: one best method to maximise efficiency

Note: Allocation of marks as per CBSE Marking Scheme [(1/2 mark for identifying each principle/technique+ (1 1/2 marks for its explanation) = 6 marks]

9. Rajat joined as a CEO of Bharat Limited, a firm manufacturing computer hardware. On the first day, he addressed the employees. He said that he believed that a good company should have an **employee suggestion system** and he wished to **minimise employee turnover** to maintain organisational efficiency. He informed all employees that he would ensure that all agreements were clear, fair and there was judicious application of penalties. However, he said that he believed that lazy personnel should be dealt with sternly to send the message that everyone was equal in the eyes of management. Also that he would want to promote a team spirit of unity and harmony among employees, which would give rise to a spirit of mutual trust and belongingness among team members and eventually minimise need for using penalties. He told all present that the interests of the organisation should take priority over the interests of any one individual employee.

- (a) Identify and briefly explain any four principles of management given by Fayol, which Rajat highlighted in his address to the employees.
- (b) Also state two values that Rajat wanted to spread in the organisation.

(CBSE Sample Paper 2017–18)

Ans. (a) Following are the principles of management highlighted by Rajat in his address to the employees: (Any Four)

(1) **Initiative:** (Explain briefly)

Reason: Provision for employee suggestion system to encourage employees to share their innovative ideas.

(2) **Stability of personnel:** (Explain briefly)

Reason: Efforts to reduce employees' turnover

(3) **Discipline:** (Explain briefly)

Reason: Provision of clear and fair agreements with judicious application of penalties.

(4) **Equity:** (Explain briefly)

Reason: Everyone is equal in the eyes of management.

(5) **Espirit de corps:** (Explain briefly)

Reason: Management wants to promote team spirit and harmony among employees.

(6) **Subordination of individual interest to general interest:** (Explain briefly)

Reason: Emphasis on interest of organisation over the interest of individual employees.

(b) The values that Rajat wanted to spread in the organisation: (Any two)

- Responsibility • Discipline • Efficiency • Team spirit
- Harmony • Good behaviour in human interaction • Mutual trust

10. Principles of Taylor and Fayol are mutually complementary. One believed that management should not close its ears to constructive suggestions made by the employees, while the other suggested that a good company should have an employee suggestion system, whereby suggestions which result in substantial time or cost reduction should be rewarded.

Identify and explain the principles of Taylor and Fayol referred in the above para.

(Delhi 2014)

Ans. Principles referred in the above para:

(1) Principle of Fayol

Initiative: (Explain briefly)

(2) Principle of Taylor

Cooperation not individualism: (Explain briefly)

11. Nikita and Salman completed their MBA and started working in a multinational company at the same level. Both are working hard and are 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 about it. At the time of performance appraisal, the performance of Nikita was judged better than Salman. Even then their boss, Mohammed Sharif, decided to promote Salman stating that being a female 'Nikita' will not be able to handle the complications of a higher post.

(a) Identify and explain the principle of management which was not followed by this multinational company.

(b) Identify the values which are being ignored quoting the lines from the above para. (Outside Delhi 2013)

Ans. (a) **Equity:** (Explain briefly)

(b) **Values being ignored:**

- Gender equality
- Fair treatment



N.C.E.R.T. QUESTIONS



VERY SHORT ANSWER TYPE QUESTIONS

(1 MARK)

1. What makes principles of management flexible?

2. Name the principle that is an extension of the 'harmony, not discord'.

[Hint: *Esprit de Corps*]

3. State any two causes of fatigue that may create hindrance in the employee's performance.

4. Sanaker and Gagan started their career in Wales Limited (printing press) after going through a rigorous recruitment process. Since they had no prior work experience, the firm decided to give them one year to prove themselves. Name the principle of management followed by Wales Limited.

[Hint: *Stability of tenure*]

5. Which technique is used by Taylor for distinguishing efficient and inefficient workers?

[Hint: *Functional foremanship*]

SHORT ANSWER TYPE QUESTIONS

(3-4 MARKS)

1. How is the Principle of 'Unity of Command' useful to management? Explain briefly.

2. Define scientific management. State any three of its principles.

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

[Hint: *Order*]

4. Explain any four points regarding significance of principles of management.
5. Explain the principle of 'Scalar Chain' and Gang Plank.
6. A production manager at top level in a reputed corporate, Mr. Rathore holds the responsibility for ordering raw material for the firm. While deciding on the supplier for the financial year 2017-18, he gave the order to his cousin at a higher price per unit instead of the firm's usual supplier who was willing to lower the rates for the order. Which principle of management was violated by Mr. Rathore? What are the positive impacts of following the above identified principle?

[Hint: *Subordination of individual interest to general interest*]

LONG ANSWER TYPE QUESTIONS

(5-6 MARKS)

1. Explain the principles of scientific management given by F.W. Taylor.
2. Explain the following Principles of management given by Fayol with examples:

(a) Unity of Direction	(b) Equity
(c) Esprit de Corps	(d) Order
(e) Centralisation and decentralization	(f) Initiative
3. Explain the technique of 'Functional Foremanship' and the concept of 'Mental Revolution' as enunciated by Taylor.
4. Discuss the Simplification and Standardisation of work technique of Scientific Work Study:
5. Discuss the relevance of Taylor and Fayol's contribution in the contemporary business environment.
6. 'Bhasin' limited was engaged in the business of food processing and selling its products under a popular brand. Lately the business was expanding due to good quality and reasonable prices. Also with more people working the market for processed food was increasing. New players were also coming to cash in on the new trend. In order to keep its market share in the short run the company directed its existing workforce to work overtime. But this resulted in many problems Due to increased pressure of work the efficiency of the workers declined. Sometimes the subordinates had to work for more than one superior resulting in declining efficiency. The divisions that were previously working on one product were also made to work on two or more products. This resulted in a lot of overlapping and wastage. The workers were becoming undisciplined. The spirit of teamwork, which had characterized the company, previously was beginning to wane. Workers were feeling cheated and initiative was declining. The quality of the products. Actually the company had implemented changes without creating the required infrastructure.
 - (a) Identify the Principles of Management (out of 14 given by Henry Fayol) that were being violated by the company.
 - (b) Explain these principles in brief.
 - (c) What steps should the company management take in relation to the above principles to restore the company to its past glory?

[Hint: *Refer: Application based Questions (LAQ 1)*]

7. (Further information related to the above question 6) The management of company Bhasin Limited now realised its folly. In order to rectify the situation it appointed a management consultant-Mukti Consultants-to recommend a restructure plan to bring the company back on the rails. Mukti Consultants undertook a study of the production process at the plant of the company Bhasin limited and recommended the following changes:
- (1) The company should introduce scientific management with regard to production
 - (2) Production Planning including routing, scheduling, dispatching and feedback should be implemented.
 - (3) In order to separate planning from operational management 'Functional foremanship' should be introduced.
 - (4) 'Work study' should be undertaken to optimize the use of resources.
 - (5) 'Standardization' of all activities should be implemented to increase efficiency and accountability.
 - (6) To motivate the workers 'Differential Piece Rate System' should be implemented.
- The above change should be introduced apart from the steps recommended as an answer to Part c - case problem 6 above.) It was expected that the changes will bring about a radical transformation in the working of the company and it will regain its pristine glory.
- (a) Do you think that introduction of scientific management as recommended by M consultants will result in intended outcome?
 - (b) What precautions should the company undertake to implement the changes?
 - (c) Give your answer with regard to each technique separately as enunciated in points 1 through 6 in the case problem.

[Hint: Refer: Application based Questions (LAQ 2)]

EXERCISE

VERY SHORT ANSWER TYPE QUESTIONS

(1 MARK)

1. Why is it said that principles of management are universal?
2. List any one principle of "Scientific Management" formulated by Taylor for managing an organisation scientifically.
3. What is meant by 'Principles of Management'?
4. Different techniques were developed by Taylor to facilitate Principles of Scientific Management. One of them is 'Fatigue Study'. What is the objective of this study?
5. Why may Taylor's techniques of scientific management not be applicable to all types of organisations?
6. What is meant by 'universal applicability' of management principles?
7. Which principle is violated if a subordinate is asked to receive orders from two or more superiors?
8. Give one reason why management principles are required for the smooth functioning of an organisation?
9. How have the management principles been derived?
10. Why is it said that management principles are universal in application?
11. State how the management principles are flexible.
12. What is the main objective of simplification in scientific management?

13. Name the principle of management which states that there should be one and only one superior for every individual employee.
14. Name the technique of scientific management that lays down that there should be two types of rates of wage payment.
15. Which technique of scientific management relates to multiple accountability?
16. Which principle of Fayol advocates that one subordinate should be accountable to one superior?
17. Name the technique of Taylor which is the strongest motivator for a worker to reach standard performance.
18. Why did Fayol introduce the concept of 'Gang Plank' in the principle of Scalar Chain?
19. Name the principle of scientific management which emphasises on the study and analysis of methods rather than estimation.
[Hint: Science, not rule of thumb]
20. Name the principle of scientific management which suggest the introduction of scientific investigation and analysis.
[Hint: Science, not rule of thumb]

SHORT ANSWER TYPE QUESTIONS

(3–4 MARKS)

1. Rahul, a manager expects his subordinates to get the work done as per his instructions, yet has a differential treatment for each person. Which principle of management is being overlooked and why?
2. Which technique of scientific management suggests that each work should be supervised by a specialist? Explain with diagram.
3. 'Multiplying the authority by "two" and multiplying the authority by "many" '. Identify the concepts and differentiate between them.
4. Which principle of management is violated in the following situations:
 - (a) When employees are given the responsibility to achieve target production of 500 units with no authority to access raw materials.
 - (b) When worker is wasting time in search of tool box in the organisation.
 - (c) When a manager allows one month leave to a supervisor with pay and only one week medical leave to an accountant.
 [Hint: (a) Parity between Authority and Responsibility; (b) Order; (c) Equity.]
5. State any three techniques of Taylor which are not universally applicable and why?
6. Why does F.W. Taylor advocates separation of planning and execution function?
7. Explain the benefits of the following principles of scientific management:
 - (a) Science, the Rule of Thumb.
 - (b) Harmony, not Discord.
 - (c) Development of each and every person to his or her greatest efficiency and prosperity.
8. Explain the meaning of 'Management Principles'. State how they are derived. Give example.
9. The production manager of Phoenix Garments 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 any two consequences of violation of this principle.

10. 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.
11. Which principle of management aims at securing the loyalty and devotion of the employees by giving them kind, fair and just treatment? Explain the principle with a suitable example.
12. Fayol points out the danger and cost of unnecessary labour turnover in one of his principles. Name and explain the principle.
13. 'Fayol's Principle of Equity and Order can be applied in actual work situation.' Do you agree?
14. How does the principle of Scalar Chain helps in solving the problems faster?
15. What is meant by Work Study? Explain its components briefly.
[Hint: Combination of Time study, Method study, Motion study and Fatigue study is equivalent to Work study.]
16. What is the difference between unity of command and functional foremanship?
17. How does the techniques of scientific management improve productivity of workers?
18. Explain any three reasons as to why proper understanding of management principles is necessary.

LONG ANSWER TYPE QUESTIONS

(5-6 MARKS)

1. Which principles of management are violated in following conditions:
 - (a) Aman, a worker in Malik Crafts Ltd., through his personal experience, was able to identify the time-saving techniques of production. But when he approached management with his suggestion he was not appreciated.
 - (b) The manager, not being punctual himself and is very casual when his employees are late for work.
 - (c) A manager expects his subordinates to adopt to new working conditions without giving them time to settle down.
 - (d) When manager grants one month medical leave to a male supervisor but only a week's medical leave to a female supervisor.
 - (e) A top manager directly passes the information to his supervisor and also to the supervisors of other department.
 [Hints: (a) Initiative; (b) Discipline; (c) Stability of Tenure; (d) Equity; (e) Scalar Chain (Gang Plank).]
2. "Scientific management has the various methods for simplification and time saving of workers". Explain with example.
3. What is the principle of 'Scalar Chain'? Explain briefly the utility of 'Gang Plank' with the help of a diagram.
4. Taylor's principle of scientific management and Fayol's principle are mutually complimentary. Do you agree this view? Give any five reasons.
5. In each of the following cases which principle given by Fayol is violated and how?
 - (i) When each division does not have separate plan grant of action.
 - (ii) When sales manager is not given the right to discount to the buyer necessary to conclude a large sales contract which will be profitable for the company.
 - (iii) When a subordinate receives orders from two superiors.

- (iv) When a manager gives the contract of supply of raw materials to a particular party which happens to be owned by his relative ignoring other parties who can supply the same at cheaper rates.
- (v) When a subordinate habitually contacts higher authorities in the company by informing his immediate superior.
- (vi) When the tools and raw materials are not found at the right place.
 [Hints: (i) *Unity of Direction*; (ii) *Parity between Authority and Responsibility*; (iii) *Unity of Command*; (iv) *Subordination of individual interest to general interest*; (v) *Scalar Chain*; (vi) *Material Order*.]
6. Explain the techniques of Differential Wage System. Develop an imaginary plan of differential price rates to be introduced for the workers engaged in sewing shirts.
7. It has been observed that 'prevailing situation' in an organisation is due to violation of Principle of Order. What might have been the prevailing situation in the organisation? Explain.
 [Hint: Give an example where prevailing situation is due to mismanagement and absence of key elements of coordination.]
8. An employee is asked to produce 500 units in a month but he is not allowed to take raw material. At the time of submission of report regarding his output, can the employee be blamed? Which principle do you think is violated here?
 [Hint: *Parity between Authority and Responsibility*.]
9. Neelender, a manager expects his subordinates to work with happiness and pleasure of being in the organisation. Which principle is followed in this situation? Name and explain.
 [Hint: *Principle of Esprit de Corps*.]
10. 'Akshaya, the manager does not distribute the work according to capabilities and the qualifications of employees.' Which principles is overlooked by him? Name and explain.
 [Hint: *Principle of Division of Work*.]

PREVIOUS YEAR QUESTIONS

VERY SHORT ANSWER TYPE QUESTIONS

(1 MARK)

1. Explain any five points of significance of Principles of Management.

Or

Explain the following techniques of Scientific Management :

- (a) Fatigue Study ; and
 (b) Differential Piece Wage System (CBSE 2019 Delhi Region)
2. How do principles of management help managers in taking decisions scientifically? State.
 (Compartment Delhi 2017)
3. How do principles of management help managers in fulfilling social responsibility? State.
 (Compartment Delhi 2017)
4. How do principles of management help managers in meeting the requirements of the changing environment? State.
 (Compartment Delhi 2017)
5. What did Taylor want to communicate through mental revolution?
 (CBSE Sample Paper 2016–17)
6. Why is it said that the principles of management are contingent?
 (Compartment Delhi 2016)

7. How are the principles of management universally applicable?
(Compartment Outside Delhi 2016)
8. Why are the principles of management mainly 'behavioural'?
(Compartment Outside Delhi 2016)
9. State the role of gang boss in functional foremanship.(Delhi/Outside Delhi 2016)
10. State the role of speed boss in functional foremanship. (Delhi 2016)
11. State the role of inspector in functional foremanship. (Outside Delhi 2016)
12. State the role of route clerk in functional foremanship. (Outside Delhi 2016)
13. Why is it said that principles of management are mainly behavioural in nature.
(Delhi 2015)
14. What is the objective of 'Method Study' as a technique of scientific management?
(Delhi 2014)
15. What is determined by 'Time-Study'? (Outside Delhi 2014)
16. What is meant by 'Principles of Management'? (Outside Delhi 2013)

SHORT ANSWER TYPE QUESTIONS

(3-4 MARKS)

1. Explain 'unity of command' and 'equity' as principles of general management.
(Delhi 2017)
2. Explain 'order' and 'initiative' as principles of general management. (Delhi 2017)
3. Explain briefly 'Discipline' and 'Scalar Chain' as principles of general management.
(Delhi 2017)
4. Explain briefly 'Unity of Direction' and 'Order' as principles of general management.
(Outside Delhi 2017)
5. Explain briefly 'Initiative' and 'Esprit de Corps', as principles of general management.
(Outside Delhi 2017)
6. Explain briefly 'Remuneration of Employees' and 'Scalar Chain' as principles of general management.
(Outside Delhi 2017)
7. Explain any four points that highlight the nature of the principles of management.
(Delhi 2016)
8. Explain any four points to emphasise the importance of principles of management.
(Delhi/Outside Delhi 2016)
9. Enumerate any two techniques of scientific management. (CBSE Sample Paper 2016)
10. Name and explain the principle of management according to which a manager should replace 'I' with 'We' in all his conversations with the workers. (Delhi 2013)
11. Explain 'Harmony Not Discord' as a principle of Scientific Management.
(Delhi 2013)
12. Explain 'Science-not Rule of Thumb' as a principle of Scientific Management.
(Outside Delhi 2013)
13. What is meant by 'Principles of Management'? (Outside Delhi 2013)

LONG ANSWER TYPE QUESTIONS

(5-6 MARKS)

1. Explain any five points of significance of Principles of Management.
(CBSE 2019 Delhi Region)

Or

Explain the following techniques of Scientific Management :

- (a) Fatigue Study ; and
 - (b) Differential Piece Wage System
2. Briefly explain the work-study techniques that help in developing standards to be followed throughout an organisation.
(CBSE Sample Paper 2016-17)
[Hint: Work study techniques include: (a) Time study, (b) Motion study, (c) Fatigue study, (d) Method study]
 3. Explain any four characteristics of the principles of management. (Delhi 2016)
 4. With the help of a diagram explain, 'Functional Foremanship' as a technique of scientific management. (Delhi 2015)

