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# PRINCIPLES OF MANAGEMENT

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# WEBINAR SERIES

## PRINCIPLES OF MANAGEMENT

Team Members :

Ms. Inderbir Thussu

Heritage Xperiential Learning School, Gurgaon

Ms. Garima Gautam

Heritage Xperiential Learning School, Gurgaon

Mrs. Amita Vohra

Green Fields Public School,  
Safdarjung Enclave, New Delhi

&

Mrs. Seema Sharma

Rabindranath World School, Gurugram



# **PRINCIPLES OF MANAGEMENT**

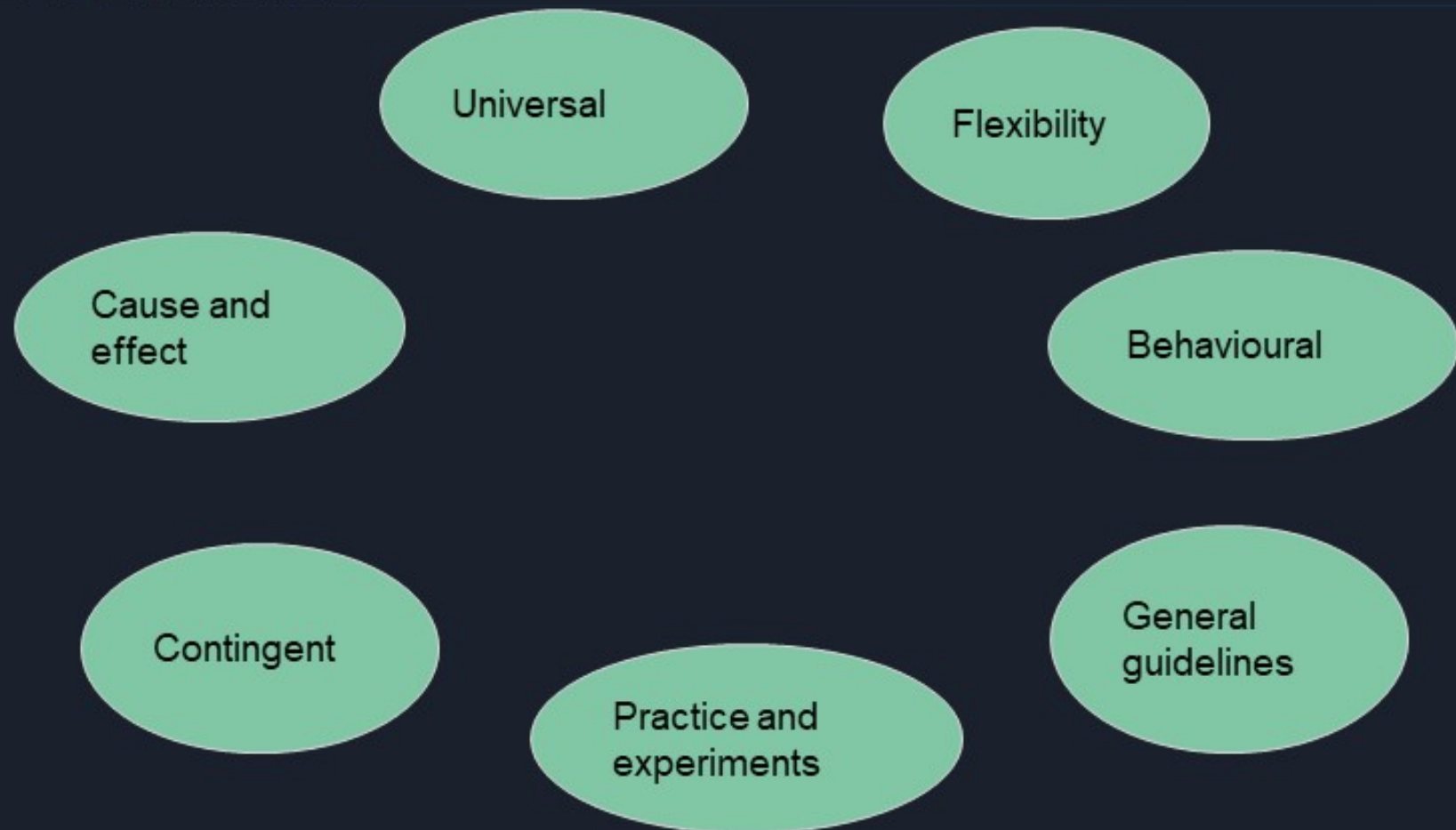
## WHAT ARE PRINCIPLES?

A fundamental truth or proposition which serves as a foundation for a belief or school of thought.

- **Management principles** are those fundamental truths which have been evolved over a period of time and through experimentations and observations and have universal applicability.
- Thus provide as bases through which managerial actions are successfully applied.



# NATURE OF PRINCIPLES OF MANAGEMENT



# CASE STUDY

As scholars of management ,Akash and two friends are made to read a few articles by their mentor and then discuss in a group the basic characteristics of principles of management.After reading the articles the group had following observations to be shared:

Mihika said the theories and principles of management are practiced and experimented all over the world by the managers in their own unique manner based upon the nature of organisation they are working in.

Rahul agreed with Mihika but deliberated that though these are experimented and practiced by the managers all over world still they are not rigid prescriptions and can be modified as per the demand of situation by them.

Akash said that the principles completely help in solving the day to day business problems and can be referred as readymade straight jacket solutions by the managers.

The observations of which participant are contradictory to the nature of management ?Give reason with reference to the point contradicted. 3 marks



# SOLUTION

A. Akash's observation is contradictory.

(1 mark)

B. "the principles completely help in solving the day to day business problems and can be referred as readymade straight jacket solutions by the managers."

The above observation contradicts the 'General Guidelines' under nature of management.

The principles are actually guidelines to action but do not provide any readymade straight jacket solutions to the managers .

This is so because real business situations are so complex and dynamic.

(2 mark)





taken while practising management. Principles help managers to take decisions while performing these functions. The following points summarise the nature of principles of management.

(i) **Universal applicability:** The principles of management are intended to apply to all types of organisations, business as well as non-business, small as well large, public sector as well as private sector, manufacturing as well as the services sectors. However, the extent of their applicability would vary with the nature of the organisation, business activity, scale of operations and the like. For example, for greater productivity, work should be divided into small tasks and each employee should be trained to perform his/her specialised job. This principle is applicable to a government office where there is a diary/despach clerk whose job is to receive and send mail or documents, a data entry operator whose task is to input data on the computer, a peon and an officer etc. This principle is also applicable to a limited company where there are separate departments like Production, Finance, Marketing and Research and Development etc. Extent of division of work, however, may vary from case to case.

(ii) **General guidelines:** The principles are guidelines to action

but do not provide readymade, straitjacket solutions to all managerial problems. This is so because real business situations are very complex and dynamic and are a result of many factors. However, the importance of principles cannot be underestimated because even a small guideline helps to solve a given problem. For example, in dealing with a situation of conflict between two departments, a manager may emphasise the primacy of the overall goals of the organisation.

(iii) **Formed by practice and experimentation:** The principles of management are formed by experience and collective wisdom of managers as well as experimentation. For example, it is a matter of common experience that discipline is indispensable for accomplishing any purpose. This principle finds mention in management theory. On the other hand, in order to remedy the problem of fatigue of workers in the factory, an experiment may be conducted to see the effect of improvement of physical conditions to reduce stress.

(iv) **Flexible:** The principles of management are not rigid prescriptions, which have to be followed absolutely. They are flexible and can be modified by the manager when the situation

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# SIGNIFICANCE OF MANAGEMENT

## Efforts By:-

Ms. Inderbir Thussu, Heritage Xperiential Learning School, Gurgaon

Ms. Garima Gautam, Heritage Xperiential Learning School, Gurgaon

Mrs. Amita Vohra, Green Fields Public School, Safdarjung Enclave, New Delhi

Mrs. Seema Sharma, Rabindranath World School, Gurugram



- ❖ Useful insights to managers about the problems and situations
- ❖ Scientific decision making
- ❖ Optimum utilisation of resources
- ❖ Meeting changing environmental requirements
- ❖ Fulfilling social responsibility
- ❖ Management training, Education and Research

**Efforts By:-**

**Ms. Inderbir Thussu, Heritage Xperiential Learning School, Gurgaon**

**Ms. Garima Gautam, Heritage Xperiential Learning School, Gurgaon**

**Mrs. Amita Vohra, Green Fields Public School, Safdarjung Enclave, New Delhi**

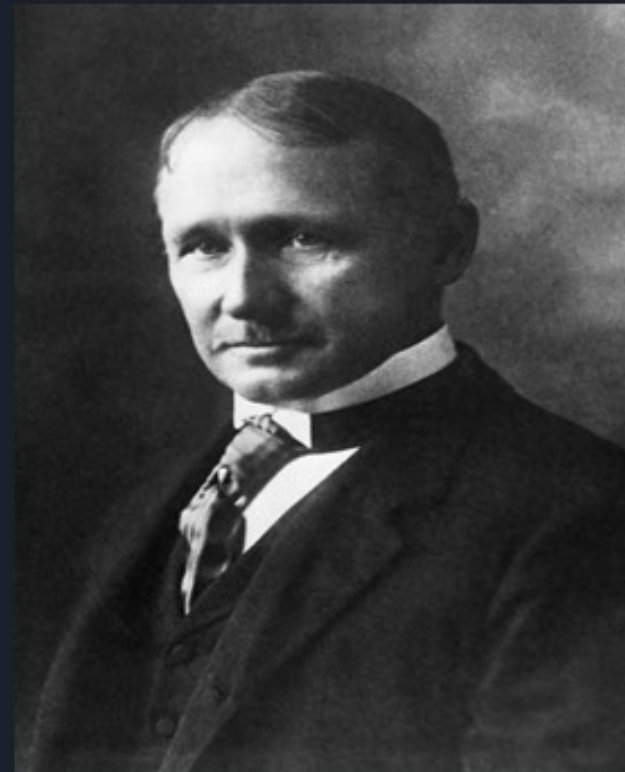
**Mrs. Seema Sharma, Rabindranath World School, Gurugram**



# VETERAN CONTRIBUTORS



Jules Henri  
Fayol



Frederick  
Winslow  
Taylor


CTF

सत् स्वं पृथक् अपावृणु



# TAYLOR'S WORK AND BACKGROUND





In 1875, he decided to start working in a steel factory in Philadelphia, where he learned from each of the steelmaking processes.

His excellent performance and learning, made **Frederick Taylor** take a step forward in his work since he later began to lead a machine shop.

In his new job, he began to make detailed observations on the work carried out by the workers in charge of cutting metals.

Based on his observations, the idea of analyzing the work emerged, dividing each process into smaller, simpler tasks, which had a certain execution time, with which workers were required to perform each task in the established time.



# TAYLOR'S PRINCIPLES OF SCIENTIFIC MANAGEMENT

## THE PRINCIPLES OF SCIENTIFIC MANAGEMENT

FREDERICK WINSLOW TAYLOR



# Science not Rule of Thumb

- He observed that people followed Trial and Error technique to solve a problem in the organization.
- He suggested that there is only one best method to do a job which should replace the “Rule of Thumb”
- All the best methods being followed in the system must be analyzed to arrive at the one best method of doing a work



KEY WORDS: ONE BEST METHOD TO MAXIMIZE EFFICIENCY DEVELOPED THROUGH STUDY AND ANALYSIS



# Harmony not discord

- There are two classes in any organization-workers and managers
- There are always chances of a Class conflict
- He suggested a Mental revolution where both the classes should change their thinking and understand each others importance.
- Management should share profits of the company with the workers and workers should be always ready to embrace changes.



KEY WORDS: COMPLETE HARMONY BETWEEN MANAGEMENT AND THE WORKERS, BOTH REALIZE EACH ONE IS IMPORTANT



# Cooperation not individualism

- This is an extension of Harmony not discord.
- It supports a complete cooperation between the management and workers.



KEY WORDS: PATERNALISTIC STYLE OF MANAGEMENT  
COMPETITION REPLACED BY COOPERATION ,ALMOST EQUAL  
DIVISION OF WORK



# Development of Each and Every person to his/her highest efficiency and prosperity

- This principle focuses on the scientific selection
- Timely training to update their skills

## Efforts By:-

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Mrs. Amita Vohra, Green Fields Public School, Safdarjung Enclave, New Delhi  
Mrs. Seema Sharma, Rabindranath World School, Gurugram



KEY WORDS: SCIENTIFIC SELECTION FOLLOWED BY CONTINUOUS TRAINING AND DEVELOPMENT TO ACHIEVE EFFICIENCY



# SCIENTIFIC MANAGEMENT TECHNIQUES BY TAYLOR

## Efforts By:-

Ms. Inderbir Thussu, Heritage Xperiential Learning School, Gurgaon

Ms. Garima Gautam, Heritage Xperiential Learning School, Gurgaon

Mrs. Amita Vohra, Green Fields Public School, Safdarjung Enclave, New Delhi

Mrs. Seema Sharma, Rabindranath World School, Gurugram



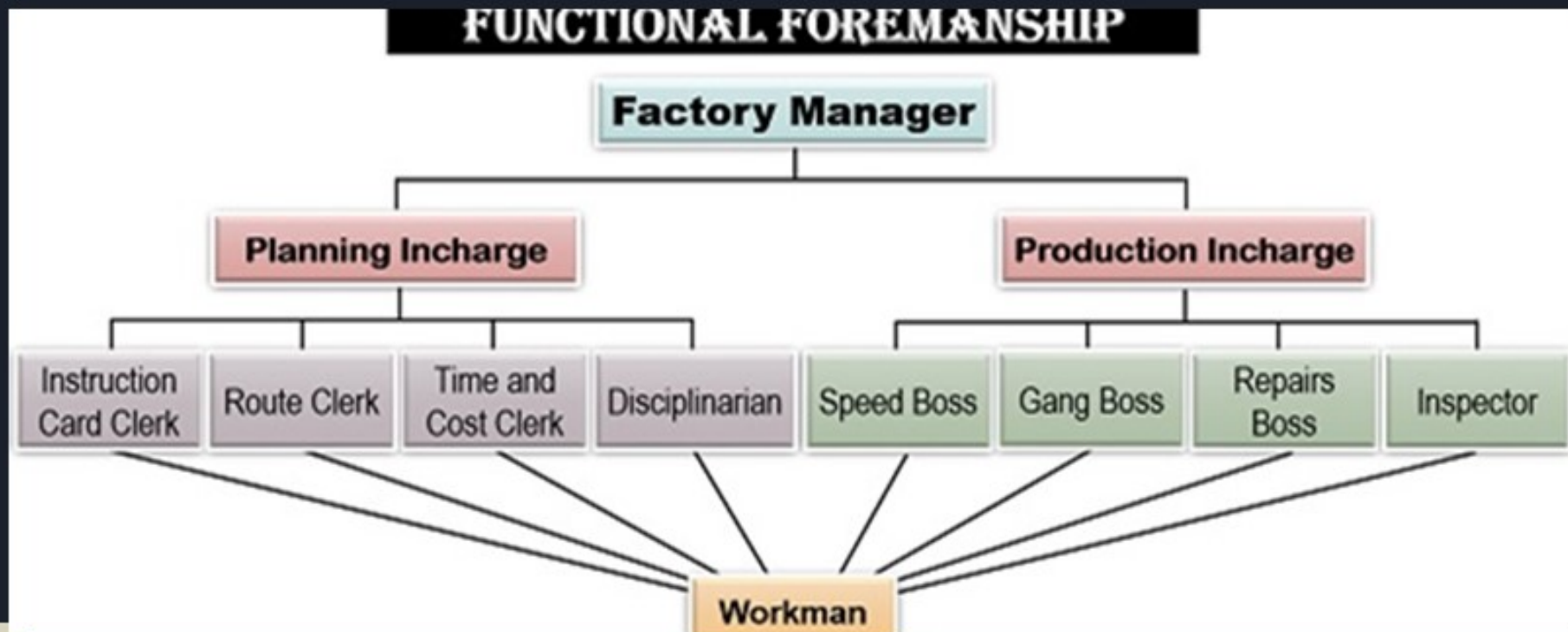
# FUNCTIONAL FOREMANSHIP



**KEY WORDS:**SEPARATION OF PLANNING AND EXECUTION FUNCTION OF MANAGEMENT , EXTENSION OF DIVISION OF WORK.



# Hierarchy of a factory



# CASE STUDY

KL Ltd. is the manufacturing of leather products .It is producing on large scale and its organisational structure is functional. In production department various foremen have been employed .Each foreman has been responsible for production planning, implementation and control.This led to a situation of confusion and chaos.

- a)Suggest & explain a technique of scientific management which may help the company to effectively organise planning and its execution.
- b)Identify a principle of management which is an extension of above identified technique.
- c) Also identify Principle of management which is in direct contradiction to technique identified in part (a).

4 marks



# SOLUTION

ANS (a) Technique of scientific management identified is Functional foremanship.

Each worker is closely observed by eight bosses ,each of whom is an expert in a specific task. This technique is based on multiple accountability.The work should be divided into two basic departments i.e. , Planning and production.

(1+1) mark

(b) Division of work

1 mark

(c) Unity of command

1 mark

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**Mrs. Amita Vohra, Green Fields Public School, Safdarjung Enclave, New Delhi**

**Mrs. Seema Sharma, Rabindranath World School, Gurugram**





# WORK STUDY

01

Time Study

- Standard time required to complete a particular activity.

02

Motion Study

- study of motions being performed by workers and machines while doing the job.

03

Fatigue Study

- Determine the duration and frequency of rest intervals to complete a particular job.

04

Method Study

- Identify the most suitable way to do a particular activity.



# LET'S TRY TO SOLVE A CASE STUDY

'Scientific Management means knowing exactly what you want men to do and seeing that they do it in the best and the cheapest way.' Taylor developed various techniques for application of Scientific Management principles and was able to achieve a three-fold increase in productivity in Bethlehem Steel Company, where he worked. One of the techniques helps to determine the number of workers to be employed; frame suitable incentive schemes and labour costs.

Another technique recognises those workers who are able to accomplish/exceed the fair day's work and is based on the premise that efficiency is the result of the joint efforts of the managers and the workers.

Quoting the lines from the above paragraph, identify and explain the two techniques of Scientific Management.

5 mark



## Efforts By:-

Ms. Inderbir Thussu, Heritage Xperiential Learning School, Gurgaon

Ms. Garima Gautam, Heritage Xperiential Learning School, Gurgaon

Mrs. Amita Vohra, Green Fields Public School, Safdarjung Enclave, New Delhi

Mrs. Seema Sharma, Rabindranath World School, Gurugram

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## Efforts By:-

Ms. Inderbir Thussu, Heritage Xperiential Learning School, Gurgaon

Ms. Garima Gautam, Heritage Xperiential Learning School, Gurgaon

Mrs. Amita Vohra, Green Fields Public School, Safdarjung Enclave, New Delhi

Mrs. Seema Sharma, Rabindranath World School, Gurugram



# SOLUTION

## Time Study

'One of the techniques helps to determine labour costs'

It is a technique to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well-defined job. It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs. (0.5+1+1)

## Differential Piece Wage System

'Another technique recognises those workers who are able to accomplish/exceed the fair day's work and is based on the premise that efficiency is the result of the joint efforts of the managers and the workers'

Differential Piece Wage System is a technique which differentiates between efficient and less efficient workers. It rewards the efficient workers and motivates the less efficient ones to improve their efficiency.

(0.5+1+1)



# STANDARDISATION OF WORK

- Standardisation means setting standards for different factors, after due deliberation.
- Scientific management calls for standardisation of methods, processes, product, machinery, raw materials etc.



**KEY WORDS: UNIFORMITY IN MATERIALS ,MACHINES AND TOOLS**



# SIMPLIFICATION OF WORK

Simplification involves elimination of unnecessary diversification of products related to size and varieties, as more varieties mean high inventory and higher labour cost etc.

By simplifying the task, there will be economy in use of machines, labour, inventory maintenance, etc. It will also help in improving the product quality and reduction of cost.



KEY WORDS: ELIMINATION OF UNNECESSARY DIVERSITIES OF PRODUCTS

# DIFFERENTIAL PIECE WAGE SYSTEM

- Taylor wanted to differentiate between efficient and inefficient workers.
- He designed a wage system which had two wage rates- one a higher than standard wage rate and another a lower than standard wage rate.

KEY WORDS: AN EFFICIENT WORKER GETS AT HIGHER RATE THAN INEFFICIENT WORKERS.

SILENT MOTIVATOR.





# FAYOL'S WORK AND BACKGROUND

## Efforts By:-

Ms. Inderbir Thussu, Heritage Xperiential Learning School, Gurgaon


Ms. Garima Gautam, Heritage Xperiential Learning School, Gurgaon

Mrs. Amita Vohra, Green Fields Public School, Safdarjung Enclave, New Delhi

Mrs. Seema Sharma, Rabindranath World School, Gurugram







During his time as managing director at Commentry Mine, he made changes to improve the working situations in the mines, such as allowing employees to work in teams, and changing the division of labor. Later, more mines were added to his duties.

2

1

**Henri Fayol** (29 July 1841 – 19 November 1925) was a French mining engineer, mining executive, author and director of mines

3

Based largely on his own management experience, he developed his concept of administration. In 1916 he published these experiences in the book *Administration Industrielle et Générale*

**FAYOLISM:** Due to Fayol's long association with administrative profile and his theories which were largely developed on experience and independent of scientific approach, his theories are widely accepted as foundations for modern administrative management.





# PRINCIPLES OF GENERAL MANAGEMENT



# 1. Division Of Work

Specialization allows the individual to build up experience, and to continuously improve his skills. Thereby he can be more productive and leads to SPECIALISATION



DIVISION OF WORK INTO SMALL TASKS  
BASED UPON EXPERTISE.

INTENT-BETTER OUTPUT  
FOR SAME EFFORT.

## 2. Authority and RESPONSIBILITY

Relationships between authority and responsibility:

1. Parity in authority and responsibility:

After giving the responsibility, requisite authority regarding work delegated should be granted.



KEY WORDS: AUTHORITY-RIGHT TO GIVE ORDERS AND GET OBEDIENCE  
RESPONSIBILITY-COROLLARY OF AUTHORITY

# 3. Discipline

**Discipline** means obedience, respect for authority, and observance of established rules. Fayol has emphasized that a sense of **discipline** should be present in all employees of the organization at all level so that the organization can perform and achieve its objectives in the best possible way.

KEY WORDS: OBEDIENCE TO ORGANISATIONAL RULES ,EMPLOYMENT AGREEMENT JUDICIOUS APPLICATION OF PENALTIES



# 4. Unity Of Command

Each worker should have only one boss with no other conflicting lines of command.



KEY WORDS: ONE BOSS; DUAL SUBORDINATION SHOULD BE AVOIDED



# CASE STUDY

KL Ltd. is the manufacturing of leather products .It is producing on large scale and its organisational structure is functional. In production department various foremen have been employed but there was no separation of planning and execution of work.Each foreman has been responsible for production planning, implementation and control. This led to a situation of confusion and chaos.

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ANS (a) Technique of scientific management identified is Functional foremanship.

“In production department various foremen have been employed but there was no separation of planning and execution of work. Each foreman has been responsible for production planning, implementation and control.”

Each worker is closely observed by eight bosses, each of whom is an expert in a specific task. This technique is based on multiple accountability. The work should be divided into two basic departments i.e., Planning and production.

(1+1) mark

(b) Division of work

1 mark

(c) Unity of command

1 mark





the scientific approach. Taylor was of the view that the concern for efficiency could be built in right from the process of employee selection. Each person should be scientifically selected. Then work assigned should suit her/his physical, mental and intellectual capabilities. To increase efficiency, they should be given the required training. Efficient employees would produce more and earn more. This will ensure their greatest efficiency and prosperity for both company and workers.

From the foregoing discussion it is clear that Taylor was an ardent supporter of use of scientific method of production in business.

## TECHNIQUES OF SCIENTIFIC MANAGEMENT

Let us now discuss techniques as specified by him. These are based on the various experiments he conducted during his career.

### FUNCTIONAL FOREMANSHIP

In the factory system, the foreman represents the managerial figure with whom the workers are in face-to-face contact on a daily basis. In the first chapter of the book, you have seen that the foreman is the lowest ranking manager and the highest ranking worker. He is the pivot around whom revolves the entire production

planning, implementation and control. Thus, Taylor concentrated on improving the performance of this role in the factory set-up. In fact, he identified a list of qualities of a good foreman/supervisor and found that no single person could fit them all. This prompted him to suggest functional foremanship through eight persons.

Taylor advocated separation of planning and execution functions. This concept was extended to the lowest level of the shop floor. It was known as functional foremanship. Under the factory manager there was a planning incharge and a production incharge. Under planning incharge four personnel namely instruction card clerk, route clerk, time and cost clerk and a disciplinarian worked. These four personnel would draft instructions for the workers, specify the route of production, prepare time and cost sheet and ensure discipline respectively.

Under Production incharge, personnel who would work were speed boss, gang boss, repair boss, and inspector. These respectively were responsible for timely and accurate completion of job, keeping machines and tools etc., ready for operation by workers, ensure proper working condition of machines and tools and check the quality of work.

Functional foremanship is an extension of the principle of division of work and specialisation to the shop floor. Each worker will have to

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gives power to the manager to offer a credit period of only 40 days. This shows that there is an imbalance in authority and responsibility. In this case the manager should be granted authority of offering credit period of 60 days in the interest of the company. Similarly, in this example this manager should not be given a power to offer a credit period of say 100 days because it is not required. A manager should have the right to punish a subordinate for wilfully not obeying a legitimate order but only after sufficient opportunity has been given to a subordinate for presenting her/his case.

(iii) **Discipline:** Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation. According to Fayol, discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties.

Suppose management and labour union have entered into an agreement whereby workers have agreed to put in extra hours without any additional payment to revive the company out of loss. In return the management has promised to increase wages of the workers when this mission is accomplished. Here discipline when applied would mean that

without any prejudice towards one another.

(iv) **Unity of Command:** According to Fayol there should be one and only one boss for every individual employee. If an employee gets orders from two superiors at the same time the principle of unity of command is violated. The principle of unity of command states that each participant in a formal organisation should receive orders from and be responsible to only one superior. Fayol gave a lot of importance to this principle. He felt that if this principle is violated "authority is undermined, discipline is in jeopardy, order disturbed and stability threatened". The principle resembles military organisation. Dual subordination should be avoided. This is to prevent confusion regarding tasks to be done. Suppose a sales person is asked to clinch a deal with a buyer and is allowed to give 10% discount by the marketing manager. But finance department tells her/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.

(v) **Unity of Direction:** All the units of an organisation should

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TO NCERT



scientific management? Identify the elements of scientific management you would like to implement and list the benefits it would give.

19 year old engineer started at the mining company 'Compagnie de commentary-Fourchambean-Decazeville, ultimately acting as its managing director from 1888 to 1918.

His theories deal with organisation of production in the context of a competitive enterprise that has to control its production costs. Fayol was the first to identify four functions of management – Planning, Organising, Directing and Controlling although his version was a bit different – Plan, Organise, Command, Coordinate and Control. According to Fayol, all activities of an industrial undertaking could be divided into: Technical; Commercial; Financial; Security; Accounting and Managerial. He also suggested that qualities a manager must possess should be — Physical, Moral, Education, Knowledge and experience. He believed that the number of management principles that might help to improve an organisation's operation is potentially limitless.

Based largely on his own experience, he developed his concept of administration. The 14 principles of management propounded by him

were discussed in detail in his book published in 1917, 'Administration industrielle et generale'. It was published in English as 'General and Industrial Management' in 1949 and is widely considered a foundational work in classical management theory. For his contribution he is also known as the 'Father of General Management'

The 14 principles of management given by him are:

- (i) **Division of Work:** Work is divided into small tasks/jobs. A trained specialist who is competent is required to perform each job. Thus, division of work leads to specialisation. According to Fayol, "The intent of division of work is to produce more and better work for the same effort. Specialisation is the most efficient way to use human effort."

In business work can be performed more efficiently if it is divided into specialised tasks; each performed by a specialist or trained employee. This results in efficient and effective output. Thus, in a company we have separate departments for finance, marketing, production

REFERENCE TO NCERT



# 5. Unity of Direction

People engaged in the same kind of activities must have the same objectives in a single plan. This is essential to ensure unity and coordination in the enterprise.



KEY WORDS: ONE HEAD ONE PLAN, PREVENT OVERLAPPING OF ACTIVITIES

## 6. Subordination of individual interest

**SUBORDINATION OF INDIVIDUAL INTERESTS TO THE GENERAL INTERESTS:** The interests of one person should not take priority over the interests of the organization as a whole.



# 7. Remuneration

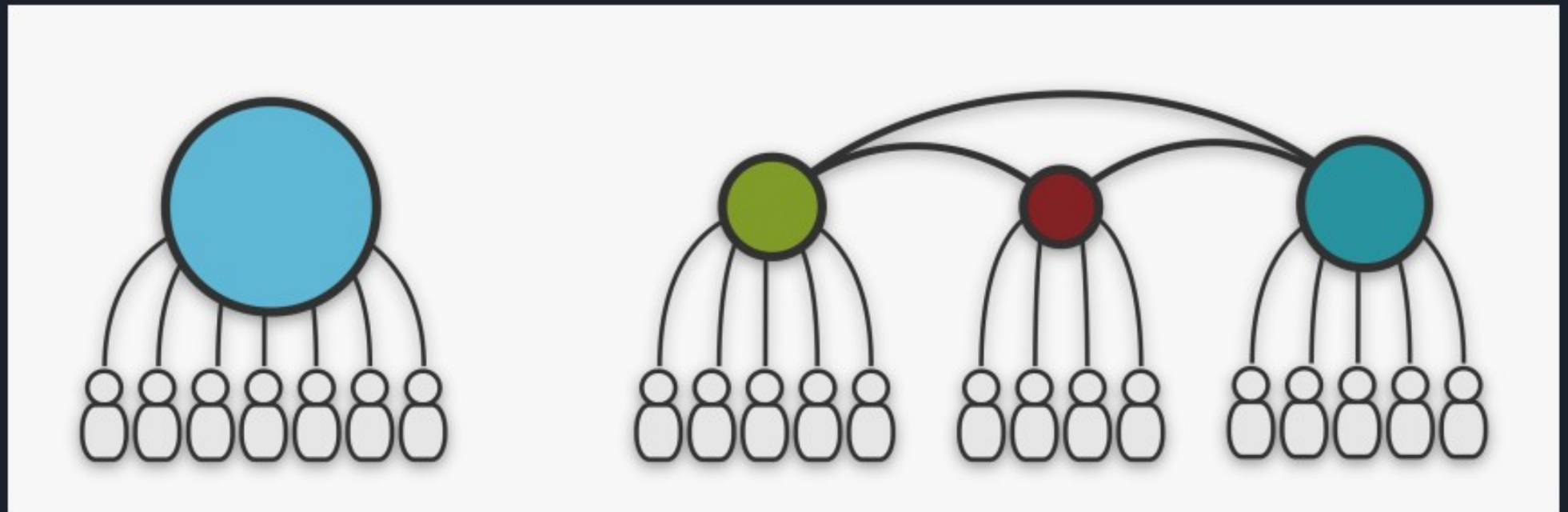
## Fair Remuneration

- Paid to the workers should be fair of the efforts
- Satisfaction to both employer and the employees
- Determined on the basis of cost of living, work assigned etc,
- Provision of other benefits such as free education, medical & residential facilities to workers
- Management creates harmonious relationship and pleasing atmosphere of work.



KEY WORDS: FAIR COMPENSATION FOR BOTH EMPLOYEES AND ORGANISATION.

# 8. Centralization and Decentralization



CENTRALIZATION-RETENTION OF DECISION MAKING WITH TOP MANAGEMENT  
DECENTRALIZATION-DISPERSAL OF DECISION MAKING AT ALL LEVELS



# CASE STUDY

Damini D'souza took over the reins of 'Kinsa Retail' as its Managing Director in India. Kinsa Retail with its headquarters at Japan has been in retail business for the last 40 years. It has regional offices in many countries with each regional office taking care of the shops in that particular region. As it is a large organisation, the regional officers have been given the powers to decide and spend funds sanctioned to them by the headquarter for the welfare of the customers of their region. Kinsa Retail wants the highest possible standards of ethical conduct being followed for which a code of conduct is in place for putting values into practice. All employees as well as Board members are required to act in accordance with the highest standards of personal and professional integrity when acting on behalf of the company. Noncompliance involves a heavy penalty including termination of employment.

State two principles of general management being followed by Kinsa Retail.

4 marks





# SOLUTION

Principles of General management being followed by Kinsa Retail are:

(i) Discipline which refers to obedience to organizational rules and employment agreement that are necessary for the working of the organization. It requires good superiors at all levels, clear and fair agreement and judicious application of penalties.  
(1 mark for identify + 1 for explanation)

**LINES OF KEY WORDS:**All employees as well as Board members are required to act in accordance with the highest standards of personal and professional integrity when acting on behalf of the company. Noncompliance involves a heavy penalty including termination of employment.

(ii) Centralisation and Decentralisation which suggests that there is a need to balance subordinate involvement through decentralisation with managers retention of final authority through centralisation

(1 mark for identify + 1 for explanation)

**LINES OF KEY WORDS:**As it is a large organisation, the regional officers have been given the powers to decide and spend funds sanctioned to them by the headquarter for the welfare of the customers of their region.



shows that there is an imbalance in authority and responsibility. In this case the manager should be granted authority of offering credit period of 60 days in the interest of the company. Similarly, in this example this manager should not be given a power to offer a credit period of say 100 days because it is not required. A manager should have the right to punish a subordinate for wilfully not obeying a legitimate order but only after sufficient opportunity has been given to a subordinate for presenting her/his case.

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(v) **Unity of Direction:** All the units of an organisation should be moving towards the same

ALL KEY  
WORDS  
FROM NCERT



one individual or a small group of individuals who want to exert pressure on the company. A manager can ensure this by her/his exemplary behaviour. For example, she/he should not fall into temptation of misusing her/his powers for individual/family benefit at the cost of larger general interest of the workers/company. This will raise her/his stature in the eyes of the workers and at the same time ensure same behaviour by them.

(vii) **Remuneration of Employees:**

The overall pay and compensation should be fair to both employees and the organisation. The employees should be paid fair wages, which should give them at least a reasonable standard of living. At the same time it should be within the paying capacity of the company. In other words, remuneration should be just and equitable. This will ensure congenial atmosphere and good relations between workers and management. Consequently, the working of the company would be smooth.

(viii) **Centralisation and Decentralisation:**

The concentration of decision-making authority is called centralisation whereas its dispersal among more than one person is known as decentralisation. According to Fayol, There is a need to balance

subordinate involvement through decentralisation with managers' retention of final authority through centralisation. The degree of centralisation will depend upon the circumstances in which the company is working. In general large organisations have more decentralisation than small organisations. For example, panchayats in our country have been given more powers to decide and spend funds granted to them by the government for the welfare of villages. This is decentralisation at the national level.

(ix) **Scalar Chain:** An organisation consists of superiors and subordinates. The formal lines of authority from highest to lowest ranks are known as scalar chain.

According to Fayol, "Organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates."

Let us consider a situation where there is one head 'A' who has two lines of authority under her/him. One line consists of B-C-D-E-F. Another line of authority under 'A' is L-M-N-O-P. If 'E' has to communicate with 'O' who is at the same level of authority then she/he has to traverse the route E-D-C-B-A-L-M-N-O. This is due to the principle of scalar

ALL KEY  
WORDS  
FROM  
NCERT



## 9. Scalar chain (Line of Authority)

A hierarchy is necessary for unity of direction. But lateral communication is also fundamental, as long as superiors know that such communication is taking place. Scalar chain refers to the number of levels in the hierarchy from the ultimate authority to the lowest level in the organization. It should not be over-stretched and consist of too-many levels

KEYWORDS: CHAIN OF  
AUTHORITY AND COMMUNICATION



# Order



- Concerned with proper & systematic arrangement of things and people.
- Arrangement of things is called material order
- Placement of people is called social order.
- Material order-should be safe, appropriate and specific place for every article
- Social order-Selection and appointment of most suitable person on the suitable job

KEYWORDS: PLACE  
FOR EVERYTHING  
AND EVERYTHING  
IN ITS PLACE

# 11. Equity

In running a business a 'combination of kindness and justice' is needed. Treating employees well is important to achieve equity.



KEYWORDS: KINDELINESS AND JUSTICE IN BEHAVIOUR OF MANAGERS TOWARDS WORKERS.

## 12. Stability of Tenure of Personnel

Employees work better if job security and career progress are assured to them. An insecure tenure and a high rate of employee turnover will affect the organization adversely.



KEYWORDS: MINIMISING  
EMPLOYEE TURNOVER=GREATER  
ORGANISATIONAL EFFICIENCY



## INITIATIVE

- Encouraged to take initiative in the work assigned to them
- Initiate actions without being asked to do
- Management should provide opportunity to its employees
- Helps in developing an atmosphere of trust
- Enjoy working in the organization because it adds to their zeal and energy
- Suggest improvement in formulation & implementation of place



KEYWORDS: ENCOURAGING SUGGESTIONS FROM THE EMPLOYEES



# 14. Esprit de Corps

Management must foster the morale of its employees. He further suggests that: “real talent is needed to coordinate effort, encourage keenness, use each person’s abilities, and reward each one’s merit without arousing possible jealousies and disturbing harmonious relations.”

KEYWORDS: ENCOURAGING  
TEAMSPIRIT/REPLACING I  
WITH WE



# CASE STUDY

Deewan Ltd. 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 prospectus. 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 Ltd. emphasizes 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 Ltd. is able to achieve its objectives by promoting teamwork. By doing so managers of Deewan Ltd. are following some principles of management.

Identify and explain any two such principles.

Also explain the impact on the organisation had these principles not been followed.(one point each)

6



# SOLUTION

The two principles of management followed by managers of Dewan Ltd are:

Equity § Equity states that there should be no discrimination against anyone on account of sex, religion, language, caste, belief, nationality etc. § It emphasises kindness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion. (0.5 IDENTIFY+2 EXPLAIN)

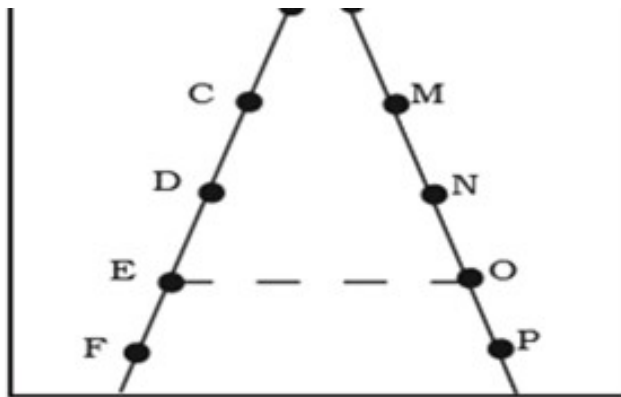
Espirit de Corps. § Management should promote team spirit of unity and harmony among employees. § This will give rise to spirit of mutual trust and belongingness among team members and will minimise the need for using penalties. (0.5 IDENTIFY+2 EXPLAIN)

NEGATIVE IMPACT OF VIOLATION:

EQUITY:Dissatisfaction in employees,Unhealthy relation between superior and subordinates. (1)

ESPRIT DE CORPS:Team goal may not be achieved,No team spirit and more stress on individualism,It will also result in a loss of coordination (1)





*Fayol's Scalar Chain*

chain being followed in this situation. According to Fayol, this chain should not be violated in the normal course of formal communication. However, if there is an emergency then 'E' can directly contact 'O' through 'Gang Plank' as shown in the diagram. This is a shorter route and has been provided so that communication is not delayed. In practice you find that a worker cannot directly contact the CEO of the company. If at all she/he has to, then all the formal levels i.e., foreman, superintendent, manager, director etc have to know about the matter. However, in an emergency it can be possible that a worker can contact CEO directly.

The principle of order states that 'A place for everything (everyone) and everything (everyone) in its (her/his) place'. Essentially it means orderliness. If there is a fixed place for everything and it is present there, then there will be no hindrance in the activities of business/ factory. This will lead to increased productivity and efficiency.

(xi) **Equity:** Good sense and experience are needed to ensure fairness to all employees, who should be treated as fairly as possible." according to Fayol. This principle emphasises kindness and justice in the behaviour of managers towards workers. This will ensure loyalty and devotion. Fayol does not rule out use of force sometimes. Rather he says that lazy personnel should be dealt with sternly to send the message that everyone is equal in the eyes of the management. There should be no discrimination against anyone on account of sex, religion, language, caste, belief or nationality etc. In practice we can observe that now a days in multinational corporations people of various nationalities work together in a discrimination free environment.

ALL KEYWORDS  
FROM NCERT



good for the business.

(xiii) **Initiative:** Workers should be encouraged to develop and carry out their plans for improvements according to Fayol. Initiative means taking the first step with self-motivation. It is thinking out and executing the plan. It is one of the traits of an intelligent person. Initiative should be encouraged. But it does not mean going against the established practices of the company for the sake of being different. A good company should have an employee suggestion system whereby initiative/suggestions which result in substantial cost/time reduction should be rewarded.

(xiv) **Esprit De Corps:** Management should promote a team spirit of unity and harmony among employees, according to Fayol. Management should promote teamwork especially in large organisations because otherwise objectives would be difficult to realise. It will also result in a loss of coordination. A manager should replace 'I' with 'We' in all his conversations with workers to foster team spirit. This will give rise to a spirit of mutual trust and belongingness among team members. It will also minimise the need for using penalties.

of management are widely applicable to managerial problems and have cast a profound impact on management thinking today. But with the change of environment in which business is done, the interpretation of these principles has changed. For example, authority and responsibility meant empowering of managers but now it means empowerment of employees because of flat organisational structures that are gaining ground. We are now in a position to understand the current connotations of Fayol's principles discussed in the accompanying box.

### FAYOL VERSUS TAYLOR — A COMPARISON

We are now in a position to compare the contributions of both Fayol and Taylor. Both of them have contributed immensely to the knowledge of management, which has formed a basis for further practice by managers. It must be pointed out that their contributions are complementary to each other. We can make out the following points of difference between their contributions.

You may also like to have some knowledge of contributions of Indians to the growth of management knowledge which can be seen in the accompanying box item.

REFERENCE TO  
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## LET'S CHECK THE UNDERSTANDING SO FAR:

Fayol and Taylor both have contributed immensely to the knowledge of management, which has become a basis for further practice by managers. Taylor thought that by scientifically analysing work it would be possible to find 'one best way' to do it. He is most remembered for his time and motion studies and functional foremanship. He said that the best result would come from the partnership between a trained and qualified management and a cooperative and innovative workforce. Fayol explained what amounts to a manager's work and what principles should be followed in doing this work. In the light of the above discussion, differentiate between the contribution of Taylor and Fayol.( Any two points )



### **Efforts By:-**

**Ms. Inderbir Thussu, Heritage Xperiential Learning School, Gurgaon**

**Ms. Garima Gautam, Heritage Xperiential Learning School, Gurgaon**

**Mrs. Amita Vohra, Green Fields Public School, Safdarjung Enclave, New Delhi**

**Mrs. Seema Sharma, Rabindranath World School, Gurugram**

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**Mrs. Amita Vohra, Green Fields Public School, Safdarjung Enclave, New Delhi**

**Mrs. Seema Sharma, Rabindranath World School, Gurugram**



# List of the key words for revision

S.No	Key Words in the case Study	Underlying Concept
1	Dividing total work into compact jobs	Division of work
2	Balance between authority and Responsibility	Authority and Responsibility Discipline
3	Obedience to Rules and Regulations	Unity of command
4	Orders from one superior only	Unity of Direction
5	One Head One Plan	Sub-ordination of individual
6	Interest of organisation must prevail over individual interest	interest to general interest Remuneration of
7	Fair Pay, Wages and salaries	Employees Centralisation
8	Concentration of Authority at top level	Decentralisation
9	Dispersal of Authority to all levels	Scalar chain
10	Chain of command and communication	Order
11	Proper Place for everything and everyone	Equity
12	Fair treatment with employees	Stability of personnel
13	Continuity and stability of employees	Initiative
14	Encouraging workers to make and execute plans	Espirit De corps
15	Replace "I" with "We"	





S.No.	KeyWords in the Case study	Underlying concepts
16	One best Method.	Science not rule of thumb
17	Proper understanding between management and workers	Harmony,not discord
18	Cooperation between management and workers	Cooperation,not individualism
19	Growth of workers.	Development of workers
20	Supervision by eight specialists	Functional foremanship
21	Setting standards for every business operation	Standardisation
22	Eliminating unnecessary diversity of products	Simplification of work
23	Finding one best way	Method Study
24	Analysing various motions	Motion Study
25	Determining standard time	Time Study
26	Amount and frequency of rest intervals required	Fatigue Study
27	Incentive bonus plan	Differential piece wage system
28	Change in the outlook of management and workers towards each other.	Mental Revolution



