

# PRINCIPAL AND PRACTICES OF MANAGEMENT

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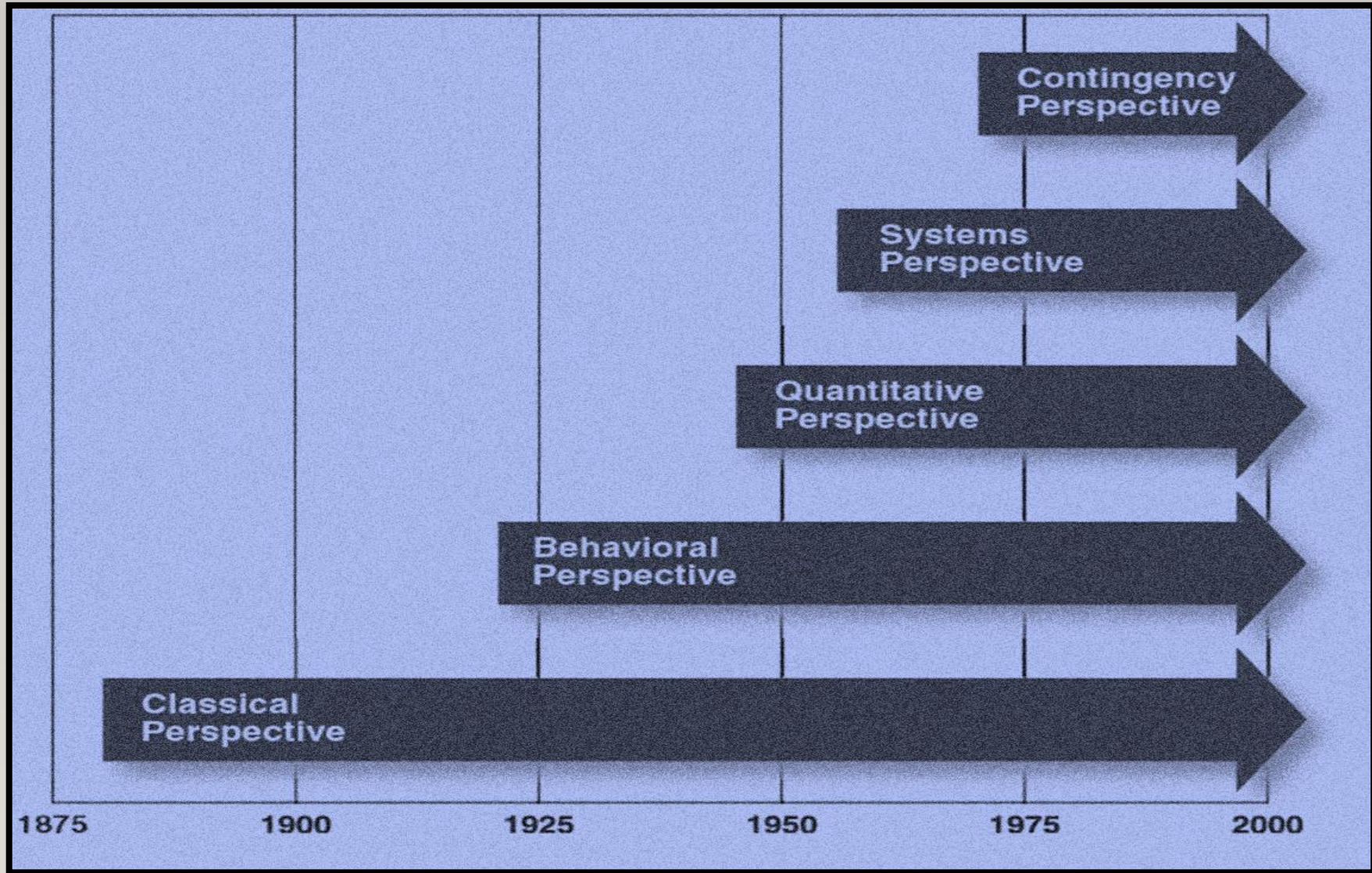
BY : DR. SANGEETA JAIN

# MANAGEMENT THOUGHTS

- ❖ Fayol contribution to management
- ❖ Taylor contribution to management
- ❖ Weber's contribution to management
- ❖ The classical school
- ❖ The human relations school
- ❖ Systems theory
- ❖ Contingency management
- ❖ Developing excellent managers.



# EVOLUTION OF MANAGEMENT THOUGHT



# INTRODUCTION

- Both theory and history are indispensable tools for managing contemporary organizations. A theory is a conceptual framework for organizing knowledge that provides a blueprint for various courses of action.
- The industrial revolution altered working conditions and created large organizations; Adam Smith on the division of labor, 1776
- Functions of management, Henri Fayol -- planning, organizing, staffing, directing, controlling, coordinating, budgeting
- Scientific management, Frederick Taylor -- time and motion studies
- Statistical quality control, Walter Shewhart
- Human relations movement, Elton Mayo, Mary Parker Follett

# MAJOR CLASSIFICATION OF MANAGEMENT APPROACHES

## CLASSICAL

- SCIENTIFIC
- ADMINISTRATIVE
- BUREAUCRATIC

## BEHAVIOURAL

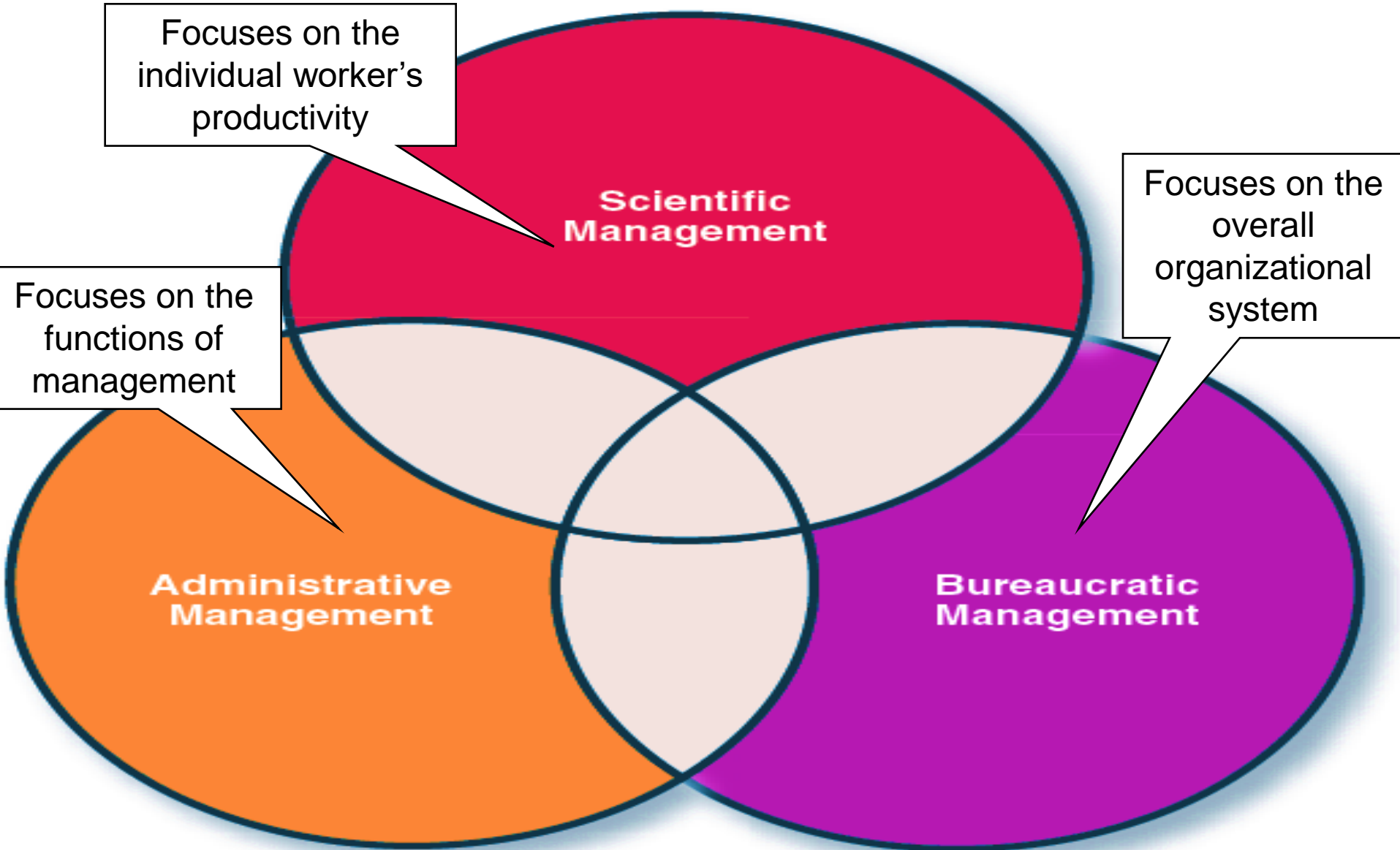
- GROUP INFLUENCES
- MASLOW'S NEED THEORY
- THEORY X AND THEORY Y
- HAWTHORNE STUDIES

## MODERN

- SYSTEM
- CONTINGENCY
- THEORY Z AND QUALITY MANAGEMENT

# CLASSICAL APPROACH

## Classical Perspective



# TAYLOR'S THEORY OF SCIENTIFIC MANAGEMENT



- Frederick Taylor (1856-1915)
  - “The Father of Scientific Management”
  - Maximize worker capacity and profits
  - PROBLEM: Get employees to work at their maximum capacity
  - PRIMARY FOCUS: TASKS
- Systematic Soldiering
  - Deliberately working slowly as to avoid expending more effort than deemed necessary
  - Reasons
    - Reduction in workforce due to decreased need
    - Piecework system of remuneration - raise production requirements without increasing pay
    - Rule of thumb training methods - inefficient

# TAYLOR'S THEORY OF SCIENTIFIC MANAGEMENT

- **Elements of Scientific Management**

- Scientific design of every aspect of every task
  - Time and Motion Studies
- Careful selection and training of every task
- Proper remuneration for fast and high-quality work
  - Maximize output - increase pay
- Equal division of work and responsibility between worker and manager

- **Underlying Themes**

- Managers are intelligent; workers are and should be ignorant
- Provide opportunities for workers to achieve greater financial rewards
- Workers are motivated almost solely by wages
- Maximum effort = Higher wages
- Manager is responsible for planning, training, and evaluating

## **Taylor's philosophy**

focused on the belief that making people work as hard as they could was not as efficient as optimizing the way the work was done. In 1909, Taylor published "The Principles of Scientific Management ." In this, he proposed that by optimizing and simplifying jobs, productivity would increase.

### **Principles of Scientific Management by Taylor:**

F.W. Taylor or Fredrick Winslow Taylor, also known as the 'Father of scientific management' proved with his practical theories that a scientific method can be implemented to management. Taylor gave much concentration on the supervisory level of management and performance of managers and workers at an operational level. Let's discuss in detail the five principles of management by F.W Taylor.

## **1. Science, not the Rule of Thumb-**

This rule focuses on increasing the efficiency of an organisation through scientific analysis of work and not with the 'Rule of Thumb' method. Taylor believed that even a small activity like loading paper sheets into boxcars can be planned scientifically. This will save time and also human energy. This decision should be based on scientific analysis and cause and effect relationships rather than 'Rule of Thumb' where the decision is taken according to the manager's personal judgement.



## **2. Harmony, Not Discord-**

Taylor indicated and believed that the relationship between the workers and management should be cordial and completely harmonious. Difference between the two will never be beneficial to either side. Management and workers should acknowledge and understand each other's importance. Taylor also suggested the mental revolution for both management and workers to achieve total harmony.



### **3. Mental Revolution-**

This technique involves a shift of attitude of management and workers towards each other. Both should understand the value of each other and work with full participation and cooperation. The aim of both should be to improve and boost the profits of the organisation. Mental Revolution demands a complete change in the outlook of both the workers and management; both should have a sense of togetherness.



#### **4. Cooperation, not Individualism-**

It is similar to 'Harmony, not discord' and believes in mutual collaboration between workers and the management. Managers and workers should have mutual cooperation and confidence and a sense of goodwill. The main purpose is to substitute internal competition with cooperation.



## **5. Development of Every Person to his Greatest Efficiency-**

The effectiveness of a company also relies on the abilities and skills of its employees. Thus, implementing training, learning best practices and technology, is the scientific approach to brush up the employee skill. To assure that the training is given to the right employee, the right steps should be taken at the time of selection and recruiting candidates based on a scientific selection.

**These five (5) principles of scientific management process involved experiments, observation, analysis, and inference and were applied to create a cause and effect relationship.**



# SCIENTIFIC MANAGEMENT

## Taylor “Father of scientific management”(1878)

### PRINCIPLES

- Develop a scientific approach for each element of one’s work
- Scientifically select, train, teach and develop each worker
- Cooperate with workers to ensure that jobs match plans and principles
- Ensure appropriate division of labor

### AREAS OF FOCUS:

- Task Performance
- Supervision
- Motivation

### MANAGERIAL PRACTICES:

- Piece-rate-incentive system
- Time and motion study

# TAYLOR'S THEORY OF SCIENTIFIC MANAGEMENT

- **Application in the Modern Workplace**
  - Assembly Line Plants as Prototypical Examples
  - “Prisoners of Taylorism”
  - System of Remuneration (quotas - commission)
  - Re-Design - Reengineering
  - Benchmarking
  - Data are used to refine, improve, change, modify, and eliminate organizational processes
  - Lean Manufacturing



# Henry Gantt and The Gilberths

## HENRY GANTT

- Most famous for developing the Gantt chart in the 1910s.
- Implemented a wage incentive programme Well known for Task – and - bonus system -The Gantt chart
- If the worker completed the work fast, i.e., in less than the standard time, he received a bonus.
- It is a Simple chart that compares actual and planned performances.

## FRANK GILBERTH

- Specialized in time and motion studies to determine the most efficient way to perform tasks.
- Used motion pictures of bricklayers to identified work elements (therbligs) such as lifting and grasping

## LILLIAN GILBERTH

- A strong proponent of better working conditions as a means of improving efficiency and productivity.

# LIMITATIONS OF SCIENTIFIC MANAGEMENT

- Do not focus on the management of an organization from a manager's point of view.
- People were “rational” and were motivated primarily by the desire for material gain.
- It also ignored the human desire for job satisfaction.



# FAYOL'S ADMINISTRATIVE THEORY



- **Henri Fayol (1841-1925)**
  - General and Industrial Management
  - Principles and Elements of Management - how managers should accomplish their managerial duties
  - **PRIMARY FOCUS: Management**  
(Functions of Administration)
  - More Respect for Worker than Taylor
    - Workers are motivated by more than money
    - Equity in worker treatment
  - More **PRESCRIPTIV**

# FAYOL'S ADMINISTRATIVE THEORY

- **Five Elements of Management -- Managerial Objectives**
  - Planning
  - Organizing
  - Command
  - Coordination
  - Control
- **Keep machine functioning effectively and efficiently**
- **Replace quickly and efficiently any part or process that did not contribute to the objectives**



# 14 Principles of Henry Fayol

▶ Division of Work

▶ Authority and Responsibility

▶ Discipline

▶ Unity of Command

▶ Unity of Direction

▶ Interest

▶ Remuneration

▶ Centralization

▶ Scalar Chain

▶ Order

▶ Equity

▶ Stability of Tenure

▶ Initiative

▶ Esprit De Corp

# 1. DIVISION OF WORK:

- In practice, employees are specialized in different areas and they have different skills.
- Different levels of expertise can be distinguished within the knowledge areas (from generalist to specialist). Personal and professional developments support this.
- According to Henri Fayol specialization promotes efficiency of the workforce and increases productivity.
- In addition, the specialization of the workforce increases their accuracy and speed.
- This management principle of the 14 principles of management is applicable to both technical and managerial activities.

## 2. AUTHORITY AND RESPONSIBILITY:

- In order to get things done in an organization, management has the authority to give orders to the employees. of course with this authority comes responsibility.
- According to Henri Fayol, the accompanying power or authority gives the management the right to give orders to the subordinates.
- The responsibility can be traced back from performance and it is therefore necessary to make agreements about this.
- In other words, authority and responsibility go together and they are two sides of the same coin.



### 3. DISCIPLINE:

- This third principle of the 14 principles of management is about obedience.
- It is often a part of the core values of a mission and vision in the form of good conduct and respectful interactions.
- This management principle is essential and is seen as the oil to make the engine of an organization run smoothly.



## 4. UNITY OF COMMAND:

- The management principle ‘Unity of command’ means that an individual employee should receive orders from one manager and that the employee is answerable to that manager.
- If tasks and related responsibilities are given to the employee by more than one manager, this may lead to confusion which may lead to possible conflicts for employees.
- By using this principle, the responsibility for mistakes can be established more easily.



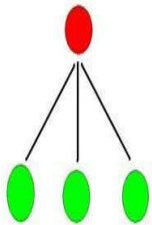
## 5. UNITY OF DIRECTION:

- This management principle of the 14 principles of management is all about focus and unity.
- All employees deliver the same activities that can be linked to the same objectives.
- All activities must be carried out by one group that forms a team.
- These activities must be described in a plan of action.
- The manager is ultimately responsible for this plan and he monitors the progress of the defined and planned activities.
- Focus areas are the efforts made by the employees and coordination.

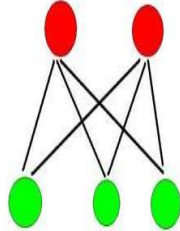


# UNITY OF COMMAND

Right Approach



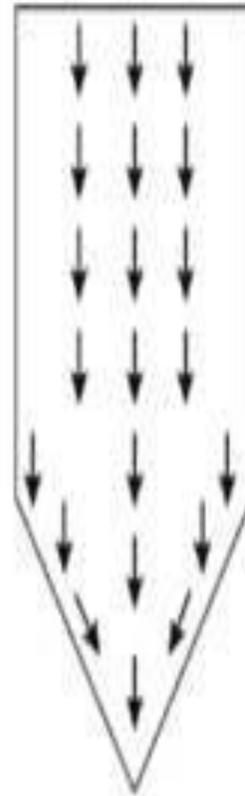
Wrong Approach



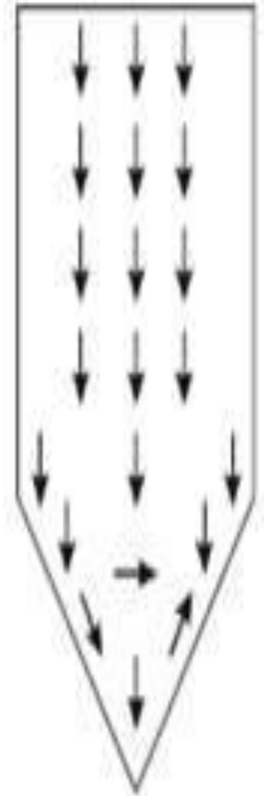
● Superior

● Subordinate

# UNITY OF DIRECTION



Presence of Unity of Direction



Lack of Unity of Direction

## 6. SUBORDINATION OF INDIVIDUAL INTEREST:

- There are always all kinds of interests in an organization.
- In order to have an organization function well, Henri Fayol indicated that personal interests are subordinate to the interests of the organization (ethics).
- The primary focus is on the organizational objectives and not on those of the individual.
- This applies to all levels of the entire organization, including the managers.



## 7. REMUNERATION:

- Motivation and productivity are close to one another as far as the smooth running of an organization is concerned.
- This management principle of the 14 principles of management argues that the remuneration should be sufficient to keep employees motivated and productive.
- There are two types of remuneration namely non-monetary (a compliment, more responsibilities, credits) and monetary (compensation, bonus or other financial compensation). Ultimately, it is about rewarding the efforts that have been made.

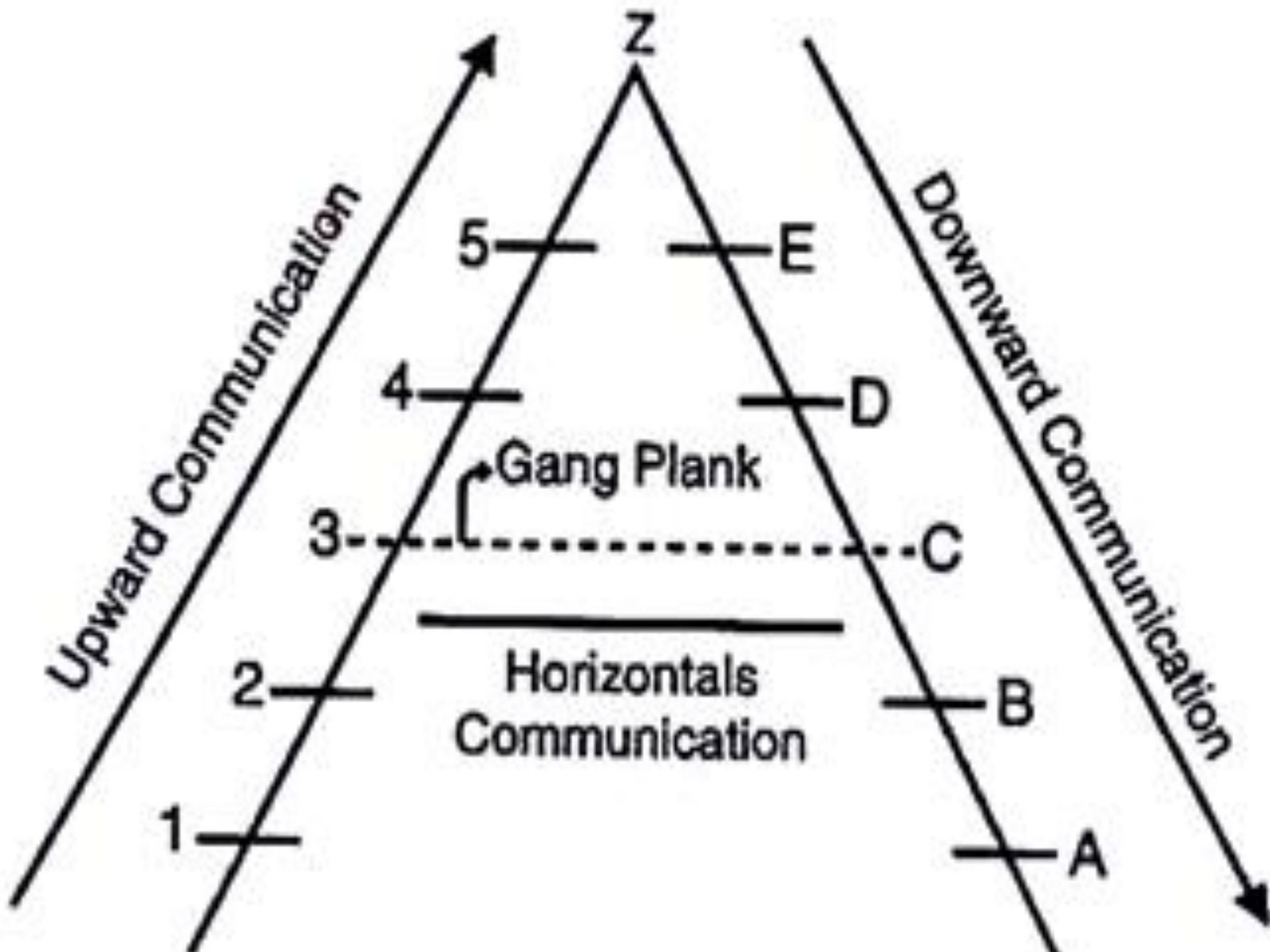
## 8. THE DEGREE OF CENTRALIZATION:

- Management and authority for decision-making process must be properly balanced in an organization. This depends on the volume and size of an organization including its hierarchy.
- Centralization implies the concentration of decision making authority at the top management (executive board).
- Sharing of authorities for the decision-making process with lower levels (middle and lower management), is referred to as decentralization by Henri Fayol. He indicated that an organization should strive for a good balance in this.



## 9. SCALAR CHAIN:

- Hierarchy presents itself in any given organization. This varies from senior management (executive board) to the lowest levels in the organization.
- Henri Fayol 's “hierarchy” management principle states that there should be a clear line in the area of authority
- This can be seen as a type of management structure.
- Each employee can contact a manager or a superior in an emergency situation without challenging the hierarchy.
- Especially, when it concerns reports about calamities to the immediate managers/superiors.



## 10. ORDER:

- According to this principle of the 14 principles of management, employees in an organization must have the right resources at their disposal so that they can function properly in an organization.
- In addition to social order (responsibility of the managers) the work environment must be safe, clean and tidy.



# 11. EQUITY:

- The management principle of equity often occurs in the core values of an organization. According to Henri Fayol, employees must be treated kindly and equally.
- Employees must be in the right place in the organization to do things right. Managers should supervise and monitor this process and they should treat employees fairly and impartially.



## 12. STABILITY OF TENURE OF PERSONNEL:

- This management principle of the 14 principles of management represents deployment and managing of personnel and this should be in balance with the service that is provided from the organization.
- Management strives to minimize employee turnover and to have the right staff in the right place.
- Focus areas such as frequent change of position and sufficient development must be managed well.



## 13. INITIATIVE:

- Henri Fayol argued that with this management principle employees should be allowed to express new ideas.
- This encourages interest and involvement and creates added value for the company.
- Employee initiatives are a source of strength for the organization according to Henri Fayol.
- This encourages the employees to be involved and interested.



## 14. ESPRIT DE CORPS:

- The management principle ‘esprit de corps’ of the 14 principles of management stands for striving for the involvement and unity of the employees.
- Managers are responsible for the development of morale in the workplace; individually and in the area of communication.
- Esprit de corps contributes to the development of the culture and creates an atmosphere of mutual trust and understanding.



## CONCLUSION :

- The 14 principles of management can be used to manage organizations and are useful tools for forecasting, planning, process management, organization management, decision-making, coordination and control.
- Although they are obvious, many of these matters are still used based on common sense in current management practices in organizations.
- It remains a practical list with focus areas that are based on Henri Fayol 's research which still applies today due to a number of logical principles.

# FAYOL'S ADMINISTRATIVE THEORY

- **Positioned communication as a necessary ingredient to successful management.**
- **Application in the Modern Workplace**
  - **Fayol's elements of management are recognized as the main objectives of modern managers**
  - **Planning - more participatory**
  - **Organizing - human relationships and communication**
  - **Especially applicable for large organizations (military)**

# WEBER'S THEORY OF BUREAUCRACY

- Max Weber (1864-1920)
  - German Sociologist
  - Theory of Social and Economic Organization (1947)
  - Principles and Elements of Management - describe an ideal or pure form of organizational structure (general policy and specific commands)
  - PRIMARY FOCUS: Organizational Structure
  - Worker should respect the “right” of managers to direct activities dictated by organizational rules and procedures
  - More DESCRIPTIVE



# WEBER'S THEORY OF BUREAUCRACY

- Bureaucracy allows for the optimal form of authority - “rational authority”
- Three types of Legitimate Authority
  - Traditional Authority - past customs; personal loyalty
  - Charismatic Authority - personal trust in character and skills
  - Rational Authority - rational application of rules or laws
- Concerned with describing the ideal structure of an organization
- Cornerstone: existence of written rules
- The rational application of written rules ensures the promotion of legitimate authority and the effective and efficient functioning of the organization.
- Application in the Modern Workplace
  - Large organizations guided by countless rules are bureaucracies
  - Linked with inefficient, slow-moving organizations
  - Organizations have several characteristics of bureaucracies

# WEBER'S THEORY OF BUREAUCRACY

- **Tenets of Bureaucracy**
  - Rules
  - Specified sphere of competence
  - Hierarchy
  - Specialized Training
  - Workers do not own technology
  - No entitlement to “official position” by incumbent
  - Everything written down
  - Maintenance of “ideal type” - bureaucracy

# BEHAVIOURAL APPROACH



The behavioural school of management emphasized what the classical theorists ignored.



Acknowledged the importance of human behavior in shaping management style.



## Personalities

- Mary Parker Follett
- Douglas McGregor
- Chester Barnard
- Elton Mayo

# MODERN APPROACHES TO MANAGEMENT

Systems Theory

- Contingency Theory

# SYSTEMS THEORY

## Inputs

### Resources

- Labor
- Materials
- Capital
- Machinery
- Information

## Transformation process

### Managerial and Technological Abilities

- Planning
- Organizing
- Staffing
- Leading
- Controlling
- Technology

## Outputs

- Goods
- Services
- Profits and losses
- Employee satisfaction

# CONTINGENCY THEORY

## **Systems Viewpoint**

How the parts fits together

- Individual
- Group
- Organization
- environment

## **Behavioral Viewpoint** **How managers influence others**

- Interpersonal Roles
- Informational Roles
- Decisional Roles

## **Traditional viewpoint**

**What managers do**

- Plan
- Organize
- Lead
- Control

## • **Contingency Viewpoint**

- Managers' use of other view points to solve problems
- External environment
- Technology
- Individuals

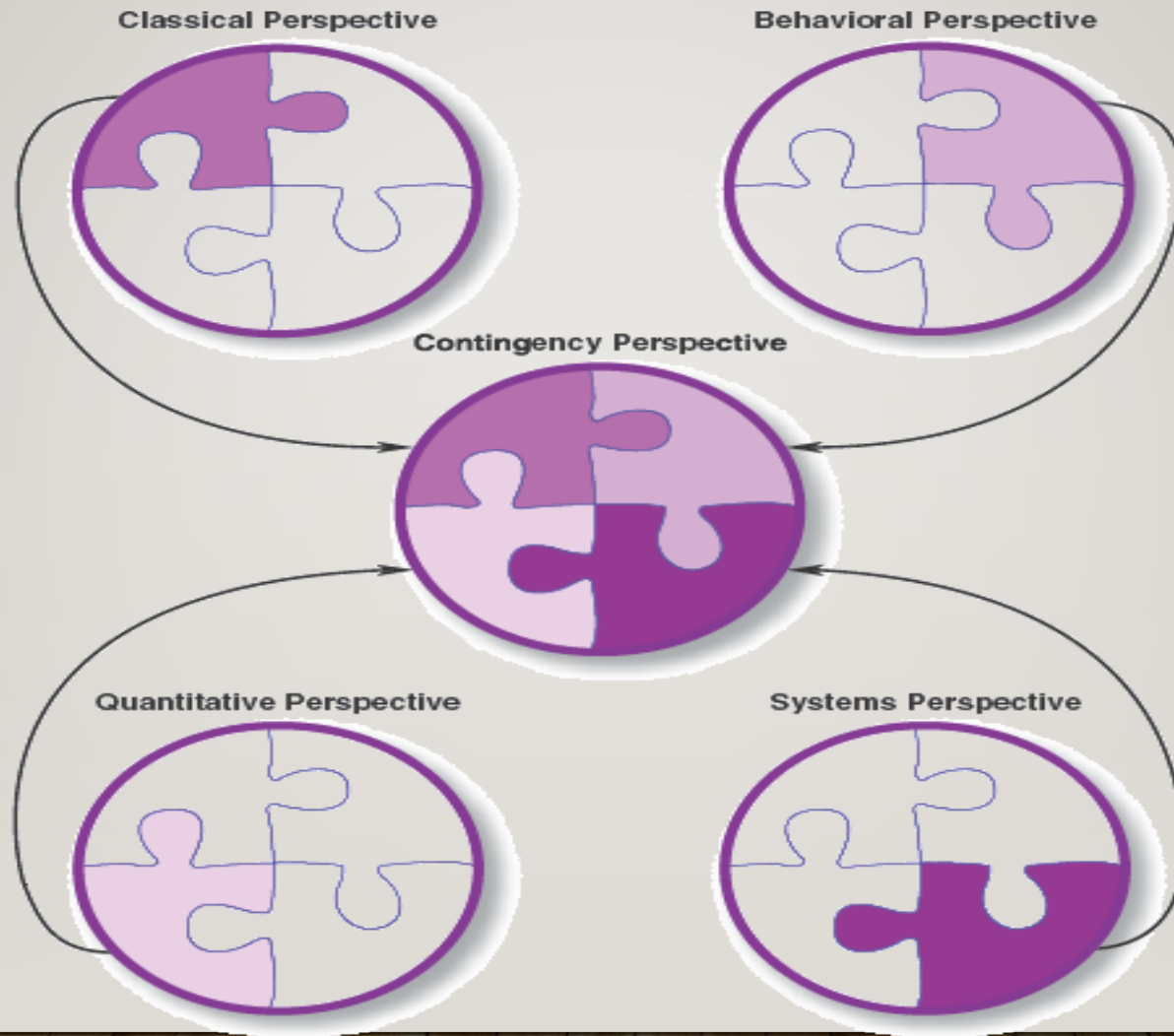
# CONTINGENCY THEORY

There is no “One Best Way” to manage all the situations.

Also known as ‘Situational Theory’.

Developed by managers, consultants, and researchers who tried to apply the concepts depending on various Internal and External factors

# MERGER COMPONENTS INTO CONTINGENCY PERSPECTIVE



# AN EXAMPLE OF CONTINGENCY

## JOAN WOODWARD's RESEARCH

- Discovered that a particular management style is affected by the organization's technology.
- Identified and described three different types of technology:
  - Small-batch technology
  - Mass-production technology
  - Continuous-process technology

# LET US SUM UP

**The Industrial Revolution provided the impetus for developing various Management Theories and Principles**

**Pre-classical theorists like Robert Owen, Charles Babbage, Andrew Ure, Charles Dupin, and Henry R Towne made some initial contributions**

**The classical management approach had three major branches: SCIENTIFIC, BUREAUCRATIC, ADMINISTRATIVE**

**The behavioural approach emerged primarily as an outcome of the Hawthorne studies.**

**Mary Parker Follet, Elton Mayo and his associates, Abraham Maslow, Douglas McGregor and Chris Argyris were the major contributors**

**Contingency theory, managerial action depends upon the particular parameters of a given situation.**

# HAWTHORNE EXPERIMENTS (1924 – 1932)

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- Workers perform and react differently when researchers observe them.
- Productivity increased because attention was paid to the workers in the experiment.
- Phenomenon whereby individual or group performance is influenced by human behavior factors

# MCGREGOR'S PROPOSED STYLES

## THEORY X

- Most people dislike work and they avoid it when they can.
- Coerced and threatened with punishment before they work.
- Avoid responsibility and have little ambition.

## THEORY Y

- Work is a natural activity like play or rest.
- Capable of self direction and self control.
- Committed to organizational objectives.

# ELTON MAYO'S VIEW

Aimed to understand how psychological and social processes interact with the work situation to influence performance

Work represents the transition from scientific management to the early human relations movement.

Emphasized on workers themselves and needs to belong to a group