

Chapter 1: Principles of Management

EXERCISE 1 [PAGES 14 - 15]

Exercise 1 | Q 1.1 | Page 14

Select the correct option and rewrite the sentence.

_____ was regarded as Father of Scientific Management.

1. Henry Fayol
2. **F W Taylor**
3. Philip Kotler

SOLUTION

F W Taylor was regarded as Father of Scientific Management.

Exercise 1 | Q 1.2 | Page 14

Select the correct option and rewrite the sentence.

Principle of _____ is based on 'A place for everything and everything in its place'.

1. Discipline
2. **order**
3. equity

SOLUTION

Principle of **order** is based on 'A place for everything and everything in its place'.

Exercise 1 | Q 1.3 | Page 14

Select the correct option and rewrite the sentence.

Member of organization should receive orders from _____.

1. many superior
2. **one superior**
3. all superiors

SOLUTION

Member of organization should receive orders from **one superior**.

Exercise 1 | Q 1.4 | Page 14

Select the correct option and rewrite the sentence.

Scalar chain means the hierarchy of _____ from the top level to the lower level for the purpose of communication.

1. discipline
2. unity
3. **authority**



SOLUTION

Scalar chain means the hierarchy of **authority** from the top level to the lower level for the purpose of communication.

Exercise 1 | Q 1.5 | Page 14

Select the correct option and rewrite the sentence.

Taylor recommended total _____ foremen to control the various aspects of production.

1. **eight**
2. three
3. two

SOLUTION

Taylor recommended total **eight** foremen to control the various aspects of production.

Exercise 1 | Q 2 | Page 14

Match the pairs.

Group A	Group B
A) Henry Fayol	1) Eight Foremen
B) Principle of Unity of Direction	2) F.W. Taylor
C) Principle of Management	3) Proper division of all activities
D) Scientific Management Theory	4) General guidelines
E) Functional Organization	5) A place for everything and everything in its place
	6) One head-one plan
	7) Low wage rate
	8) Harmony between the employee and management
	9) German engineer
	10) Modern Management

SOLUTION

Group A	Group B
A) Henry Hayol	10) Modern Management
B) Principle of Unity of Direction	6) One head-one plan
C) Principle of Management	4) General guidelines



D) Scientific Management Theory	2) F.W. Taylor
E) Functional Organization	1) Eight Foremen

Exercise 1 | Q 3.1 | Page 14

Give one word/phrase/term for the following statement.

The study of the movement of an employee as well as a machine while completing a particular task.

SOLUTION

The study of the movement of an employee as well as a machine while completing a particular task. - **Motion Study**

Exercise 1 | Q 3.2 | Page 14

Give one word/phrase/term for the following statement.

The technique of observing and recording the time required by an employee to complete a given task.

SOLUTION

The technique of observing and recording the time required by an employee to complete a given task. - **Time Study**

Exercise 1 | Q 3.3 | Page 14

Give one word/phrase/term for the following statement.

The study consists of an organized, systematic, and critical assessment of various activities.

SOLUTION

Study consists of an organized, systematic and critical assessment of various activities. - **Work Study**.

Exercise 1 | Q 3.4 | Page 14

Give one word/phrase/term for the following statement.

The principle which deals with 'to do work with innovative way'.

SOLUTION

The principle which deals with 'to do work with innovative way'. - **Principle of Initiative**

Exercise 1 | Q 3.5 | Page 14

Give one word/phrase/term for the following statement.

The principle which is based on 'a place for everything and everything in its place'.

SOLUTION

The principle which is based on 'a place for everything and everything in its place'.

- Principle of Order

Exercise 1 | Q 4.1 | Page 14

State whether the following statement is true or false.

The principles of management are universal in nature.

1. **True**
2. False

SOLUTION

The principles of management are universal in nature. - **True**

Exercise 1 | Q 4.2 | Page 14

State whether the following statement is true or false.

Management principles are applied differently under different situations.

1. **True**
2. False

SOLUTION

Management principles are applied differently under different situations. - **True**

Exercise 1 | Q 4.3 | Page 14

State whether the following statement is true or false.

Only some principles of management are important.

1. True
2. **False**

SOLUTION

Only some principles of management are important. - **False**

Exercise 1 | Q 4.4 | Page 15

State whether the following statement is true or false.

Henry Fayol has given different techniques of management.

1. True
2. **False**

SOLUTION

Henry Fayol has given different techniques of management. - **False**

Exercise 1 | Q 4.5 | Page 15

State whether the following statement is true or false.

F W Taylor has proposed 14 principles of management.

1. True
2. **False**



SOLUTION

F W Taylor has proposed 14 principles of management. - **False**

Exercise 1 | Q 4.6 | Page 15

State whether the following statement is true or false.

Each member of the organization should receive orders only from one superior.

1. **True**
2. False

SOLUTION

Each member of organization should receive orders only from one superior. - **True**

Exercise 1 | Q 5.1 | Page 15

Find the odd one.

1. Principle of Authority and Responsibility
2. **Motion Study**
3. Principle of Division of Work
4. Principle of Discipline

SOLUTION

Principle of Authority and Responsibility, Motion Study, Principle of Division of Work, Principle of Discipline. - **motion study**

Exercise 1 | Q 5.2 | Page 15

Find the odd one.

1. Fatigue Study
2. **Principle of Unity of Command**
3. Work Study
4. Motion Study

SOLUTION

Fatigue Study, Principle of Unity of Command, Work-Study, Motion Study. - **Principle of Unity of Command**

Exercise 1 | Q 6.1 | Page 15

Answer in one sentence.

What is principle of unity of command?

SOLUTION

Each member of organization should receive orders from only one superior. This principle helps in managing conflicts and solving disputes among people in organization.

Exercise 1 | Q 6.2 | Page 15

Answer in one sentence.



What is the standardization of tools and equipment?

SOLUTION

Standardized working environment and methods of production help to reduce spoilage and wastage of material, cost of production, fatigue among the workers and it improves the quality of work.

Exercise 1 | Q 6.3 | Page 15

Answer in one sentence.

What is the differential wage rate?

SOLUTION

Remuneration should be fixed in such a way that average worker is motivated to attain a standard output.

Exercise 1 | Q 6.4 | Page 15

Answer in one sentence.

What is Subordination of individual interest into organizational interest?

SOLUTION

According to this principle the interest of an individual must be given less importance than the interest of the organization.

Exercise 1 | Q 6.5 | Page 15

Answer in one sentence.

What is the meaning of principle?

SOLUTION

"Principle is defined as a fundamental truth or proposition that serves as the foundation for a system of belief or behaviour or for a chain of reasoning." In simple words, techniques or systems which give one-directional result are called principles.

Exercise 1 | Q 7.1 | Page 15

Correct the underlined word and rewrite the following sentence.

Security in job always affects adversely on the efficiency of employees.

SOLUTION

Insecurity in job always affects adversely on the efficiency of employees.

Exercise 1 | Q 7.2 | Page 15

Correct the underlined word and rewrite the following sentence.

Esprit de corps means 'division' is strength'.

SOLUTION

Esprit de corps means 'Unity' is strength'.



Exercise 1 | Q 7.3 | Page 15

Correct the underlined word and rewrite the following sentence.

Each member of organization should receive orders from only one subordinate.

SOLUTION

Each member of organization should receive orders from only one Superior.

Exercise 1 | Q 7.4 | Page 15

Correct the underlined word and rewrite the following sentence.

Decentralization means the concentration of powers and authorities at a specific position.

SOLUTION

Centralization means the concentration of powers and authorities at a specific position.

Exercise 1 | Q 7.5 | Page 15

Correct the underlined word and rewrite the following sentence.

Management techniques are applied differently under different conditions.

SOLUTION

Management principles are applied differently under different conditions.

EXERCISE 2 [PAGE 15]

Exercise 2 | Q 1 | Page 15

Explain the following term/concept.

Motion Study

SOLUTION

There are always various methods of completing the task. For best quality and cost-effectiveness, identifying the best method of doing a particular job is very important but challenging task for a manager. It helps in reducing the wastage of time, raw material and in improving the utility of all resources as per predefined objectives. It is helpful in determining the methods for handling the raw materials, transportation, inspection, storage etc.

Exercise 2 | Q 2 | Page 15

Explain the following term/concept.

Differential Piece Rate System

SOLUTION

Higher rates are offered to employees who complete the work more than the standard quantity under this system. On the other hand, if an employee is performing below the

standard; he shall be given a lower rate of wages. This technique motivates the employees to attain higher standard performance and earn wages i.e. remuneration at a higher rate.

Exercise 2 | Q 3 | Page 15

Explain the following term/concept.

Fatigue Study

SOLUTION

Generally long working hours without sufficient breaks, target pressure, heavy working tools, and poor working conditions result into physical and mental stress i.e. fatigue. It has an adverse effect on the health and efficiency of the employees. The study of fatigue and steps to reduce the level of fatigue is very important to maintain the operational efficiency of the employees.

Exercise 2 | Q 4 | Page 15

Explain the following term/concept.

Time Study

SOLUTION

It is the technique of observing and recording the time taken by an employee to complete a given task. With the help of time study, the precise time required for each element of work is determined. It is the technique used for fixing the standard time required to do a particular task under a given condition. It is useful to measure the efficiency of an employee and to control the cost of work.

EXERCISE 3 [PAGE 15]

Exercise 3 | Q 1 | Page 15

Study the following case/situation and express your opinion.

Mr. Harshad is an entrepreneur and engaged in production of eco-friendly utensils. Both male and female workers are working in his factory. All male employees are directly working on machines whereas female employees are working in Packaging Department. Mr. Sharath is working as Finance Manager while Mrs. Naina is working as HR Manager who is responsible for recruiting employees in the factory. On this basis:

- i) Identify any one principle of management in above case.
- ii) What is the designation of Mrs. Naina in this organization.
- iii) Who is responsible for overall planning of the organisation?

SOLUTION

- i) In the above case, principle of Division of work is identified.
- ii) The designation of Mrs. Naina is Human Resource Manager.
- iii) Mr. Harshad, an entrepreneur of eco-friendly utensils, is responsible for overall planning of the organisation.



Exercise 3 | Q 2 | Page 15

Study the following case/situation and express your opinion.

In 'Fine Diamonds Ltd.' 200 employees are working in three shifts. In the first shift 60 employees, in the second shift 60 employees, and in the third shift 80 employees are working without sufficient breaks except for lunch break and shift change break. No employee is able to complete the work in designated time due to inappropriate time management which results in delay for next shift employees.

- i) Identify which scientific principle needs to be followed by the company.
- ii) Suggest two scientific techniques which can be used for smooth flow of work in 'Fine Diamonds Ltd. '
- iii) Why the work is not being completed in time?

SOLUTION

- i. In the above case, Principle of scientific management called Science, Not Rule of Thumb needs to be followed.
- ii. Work-study based on the technique of fatigue study and Scientific task setting can be used for smooth flow of work in 'Fine Diamonds Ltd.
- iii. Reasons for non-completion of work in time are :
 - (a) Long working hours without sufficient breaks reduces the efficiency of labour.
 - (b) Inappropriate time management (planning) done by the departmental head (Functional Manager) result into delay for next shift employees.
 - (c) Standard required time and standard output are not defined by the manager or management of "Fine Diamonds Ltd."

EXERCISE 4 [PAGE 16]

Exercise 4 | Q 1 | Page 16

Answer in brief.

Explain any five principles of management of Henry Fayol?

SOLUTION

1. **Principle of Division of Work:**
According to this principle, the work is divided into different kinds such as technical, financial, commercial, security operations, accounting and managerial. It is assigned to employees as per their qualities and capabilities. It helps in improving efficiency and expertise of employees which ultimately turns into expected productivity level.
2. **Principle of Authority and Responsibility:**
Authority is the right to make decisions. It is necessary to get the things done



appropriately from subordinates. Authority always comes with the responsibility. If the manager is given the authority to complete a task within a given time, he should be held responsible if he does not complete the work in a given time.

3. Principle of Discipline:

According to Fayol, discipline is the most essential thing in the organization. Employees must obey and respect the rules that govern the organization. Discipline helps to achieve the goals in the organization. Good discipline is the result of effective leadership. There must be a clear understanding between the management and workers regarding the organization's rules. Basic discipline should be observed at all levels of management.

4. Principle of Unity of Direction:

This principle states that 'there should be one head and one plan' in every organization. Each group in the organization should have the same objective and the group should be directed by one manager using a single plan.

5. Principle of Remuneration:

Appropriate remuneration to staff or employees is the principle to keep them satisfied financially as well as retain them for a long span of time within the organization. The fair remuneration effects on the productivity and efficiency level in total. The remuneration should be fixed by taking into consideration the skill, expertise, knowledge, tenure, cost of living, market trend, the profitability of the organization, etc.

Exercise 4 | Q 2 | Page 16

Answer in brief.

Describe any four techniques of scientific management?

SOLUTION

Some of the major techniques of scientific management are as follows:

1. Standardization of Tools and Equipment:

With the result of experiments conducted at the workplace, Taylor advocated the standardization of tools and equipment. Standardized working environment and methods of production help to reduce spoilage and wastage of material, cost of production, fatigue among the workers and it improves the quality of work.

2. Scientific Task Setting:

Taylor emphasized the need for fixing a fair day's work. A scientific work setting is important to prevent the employees from doing work much below their capacity. By using this technique, employees will complete the task according to



standards given and management can keep proper control on optimum utilization of the workforce.

3. Scientific Selection and Training:

Management can select the right persons for the right jobs by using scientific selection procedures. It needs to fix job specifications as per requirement. Employees are selected according to predetermined standards in an impartial way. After selection, management should provide the proper training programs to increase their efficiency.

4. Differential Piece-Rate Wage Plan:

Taylor suggested the differential piece-wage system. Higher rates are offered to employees who complete the work more than the standard quantity under this system. On the other hand, if an employee is performing below the standard; he shall be given a lower rate of wages. This technique motivates the employees to attain higher standard performance and earn wages i.e. remuneration at a higher rate.

EXERCISE 5 [PAGE 16]

Exercise 5 | Q 1 | Page 16

Justify the following statement.

Principles of management are flexible in nature.

SOLUTION

1. Principles of management are the statements of fundamental truth which act as guidelines for managerial decision-making and action. They establish cause and effect relationships. They are evolved through observation, analysis, and experiments.
2. Principles of management although fundamental, are not rigid. They are flexible in nature in the sense they can be changed or modified according to the situation and requirements of the organization. Managers can change these principles to suit the requirements of the organization.
3. Principles of management are flexible guidelines providing ample scope for making changes according to the nature of the enterprise, its size, competitive situation, etc. For instance, in the context of the present business scenario, in many places, the 'family management has been substituted by professional management.



4. The modern business world is dynamic. The situations in a business enterprise keep on changing continuously. No two circumstances are identical. Principles of management can be changed, adjusted or modified, and used in the enterprise as per its changing needs and requirements. By identifying problems of business changes will be accepted.

Exercise 5 | Q 2 | Page 16

Justify the following statement.

Management principles are helpful in optimum utilization of resources.

SOLUTION

1. Materials or abstract qualities that a person or organization uses to perform the work are called resources, e.g. tools, stocks, time, employees, etc. In every organization, two types of resources are used and they are

- (i) Physical resources such as material, machine, money, etc.
- (ii) Human resources i.e. manpower.

2. The different types of resources are used in the organization to manufacture or produce different types of goods and services. The resources are scarce in relation to their demand and therefore resources should not be wasted and misused. They should be used carefully and up to their optimum capacity.

3. The basic aim and function of management are to make and maintain proper balance and allocate these resources by putting them to maximum possible use and control on wastage of resources. Through the use of different techniques and management principles, management maintains discipline and a healthy working environment to establish a cordial relationship with the employees.

4. It helps to increase the efficiency level of employees and to manage the administration effectively, e.g. use of modern and standard tools and machinery. It also helps to increase quality, productivity, and level of efficiency of human resources.

Exercise 5 | Q 3 | Page 16

Justify the following statement.

Principle of equity is important.



SOLUTION

1. The principle of equity suggests that employers should give kind, fair, just, and equal treatment to the employees. Managers should be kind, impartial, and fair to their subordinates.
2. The principle of equity further states that there should not be any discrimination between the employees while making the payment of wages. The employees working on the same level but in different departments should be paid the same wages.
3. The wages payable to employees should not depend on the departments but the level at which they are working, e.g. Foremen should be paid higher wages than that is paid to employees working under them.
4. The principle of equity also states that there should not be any discrimination between the employees while distributing work between them. As far as possible, there should be an equal distribution of work. Thus, equality in the treatment of employees boosts morale and develops a sense of belongingness among the employees. It helps to develop loyalty of employees towards the organisation and avoid conflicts.

Exercise 5 | Q 4 | Page 16

Justify the following statement.

Taylor emphasized on standardization of tools and equipment.

SOLUTION

1. Frederick Winslow Taylor published Principles of Scientific Management. Its the primary objective was to increase the efficiency of employees by scientifically designing jobs. According to his views, management problems should be solved through experiments and the use of scientific techniques rather than rules of thumb and trial and error approach.
2. Taylor had conducted many experiments at the workplace and as a result of those experiments, he advocated the standardization of tools and equipment. Standard here, means a level of quality or achievement, especially a level that is acceptable.
3. According to him, a standardized working environment and standardized methods of production tools and equipment help to reduce spoilage and wastage of materials. This in turn reduces the overall cost of production.



4. Similarly, the use of standardized tools and equipment increases the efficiency of employees and also helps to reduce fatigue among the workers. This improves the quality of work.

Exercise 5 | Q 5 | Page 16

Justify the following statement.

A differential piece wage rate plan is necessary.

SOLUTION

1. According to F. W. Taylor, the differential piece wage rate plan is necessary to motivate the employees to attain higher standard performance and to earn remuneration at a higher rate. Differential piece wage rate plan suggests that remuneration should be fixed and paid in such a way that the average worker is motivated to attain standard output.
2. In a differential piece wage rate plan, the standard is determined for production by the management. The workers who produce more than the standard are to be paid more in the form of incentives and those who produce less than the standard are to be paid less by way of penalty. This technique encourages those who perform well and motivates those who have performed less than the standard required to improve their performance.
3. Taylor suggested the differential piece wage system and further stated that the discrimination should be made between the efficient and inefficient workers. This technique explains that efficient workers should be paid more remuneration in comparison to inefficient workers.
4. Thus, the differential piece-rate wage plan technique motivates the able employees to attain higher performance and earn wages at a higher rate.

EXERCISE 6 [PAGE 16]

Exercise 6 | Q 1 | Page 16

Attempt the following.

Explain in detail any five Henry Fayol's principles of management given by Henry Fayol.

SOLUTION

1. **Principle of Division of Work:**
According to this principle, the work is divided into different kinds such as technical, financial, commercial, security operations, accounting and managerial. It is assigned to employees as per their qualities and capabilities. It helps in improving efficiency and expertise of employees which ultimately turns into expected productivity level.



2. **Principle of Authority and Responsibility:**

Authority is the right to take decisions. It is necessary to get the things done appropriately from subordinates. Authority always comes with the responsibility. If the manager is given the authority to complete a task within a given time, he should be held responsible if he does not complete the work in a given time.

3. **Principle of Discipline:**

According to Fayol, discipline is the most essential thing in the organization. Employees must obey and respect the rules that govern the organization. Discipline helps to achieve the goals in the organization. Good discipline is the result of effective leadership. There must be a clear understanding between the management and workers regarding the organization's rules. Basic discipline should be observed at all levels of management.

4. **Principle of Unity of Direction:**

This principle states that 'there should be one head and one plan' in every organization. Each group in the organization should have the same objective and the group should be directed by one manager using a single plan.

5. **Principle of Remuneration:**

Appropriate remuneration to staff or employees is the principle to keep them satisfied financially as well as retain them for a long span of time within the organization. The fair remuneration effects on the productivity and efficiency level in total. The remuneration should be fixed by taking into consideration the skill, expertise, knowledge, tenure, cost of living, market trend, the profitability of organization, etc.

Exercise 6 | Q 2 | Page 16

Attempt the following.

Describe the different techniques of scientific management?

SOLUTION

1. **Work-Study:**

Before assigning the work to the available workforce, proper work-study should be done by management. Work-study consists of an organized, systematic, and critical assessment of the various activities or functions. Work-study is based on techniques such as time study, motion study, method study, and fatigue study.

A) Time Study:

It is the technique of observing and recording the time taken by an employee to complete a given task. With the help of time study, the precise time required for each element of work is determined.

B) Method Study:



There are always various methods for completing the task. For best quality and cost-effectiveness, identifying the best method of doing a particular job is a very important but challenging task for a manager.

C) Motion Study:

The study of required motion means the movement of an employee as well as of machine while completing a particular task is very important. It is helpful in eliminating unnecessary motions and finding the best method of doing a particular job.

D) Fatigue Study:

Generally long working hours without sufficient breaks, target pressure, heavy working tools, and poor working conditions result in physical and mental stress i.e. fatigue. The study of fatigue and steps to reduce the level of fatigue is very important to maintain the operational efficiency of the employees.

2. Standardization of Tools and Equipment:

With the result of experiments conducted at the workplace, Taylor advocated the standardization of tools and equipment. Standardized working environment and methods of production help to reduce spoilage and wastage of material, cost of production, fatigue among the workers and it improves the quality of work.

3. Scientific Task Setting:

Taylor emphasized the need for fixing a fair day's work. A scientific work setting is important to prevent the employees from doing work much below their capacity. By using this technique, employees will complete the task according to standards given and management can keep proper control on optimum utilization of the workforce.

4. Scientific Selection and Training:

Management can select the right persons for the right jobs by using scientific selection procedures. It needs to fix job specifications as per requirement. Employees are selected according to predetermined standards in an impartial way. After selection, management should provide the proper training programs to increase their efficiency.

5. Functional Organization:

In this concept of Taylor, planning is separated from implementation. That means, planning is done by different people and actual work is supervised by different people.

They are categorized as follows:

A) At Planning Level:

1. Route Clerk- tells how work moves from one machine to another.
2. Instruction Clerk- records instructions to complete the work.



3. Time and Cost Clerk- determines the time in which work should be completed and work out the cost
4. Discipline- ensures that the workers are working as per factory rules.

B) At Implementation Level:

1. Gang Boss-actually gets the work done.
2. Speed Boss- ensures that the work is completed at a specified time.
3. Repair Boss- handles the security and maintenance of the mechanism.
4. Inspector- ensures that the work is done as per the specified standards.

6. Differential Piece-Rate Wage Plan:

Remuneration should be fixed in such a way that the average worker is motivated to attain a standard output. Taylor suggested the differential piece-wage system. Higher rates are offered to employees who complete the work more than the standard quantity under this system. On the other hand, if an employee is performing below the standard; he shall be given a lower rate of wages. This technique motivates employees to attain higher standard performance and earn wages.

Exercise 6 | Q 3 | Page 16

Attempt the following.

Elaborate principles of scientific management.

SOLUTION

Principles of Scientific Management:

These principles are as follows:

1. Science, Not Rule of Thumb:

In order to increase organizational efficiency, the 'Rule of Thumb' method should be substituted with the methods developed through scientific analysis of work. Rule of thumb decisions is based on the personal judgments of the manager. Taylor insisted upon scientific methods for every small work. This principle is concerned with selecting the best way of performing a job after scientific analysis of that job and not by trial and error methods.

2. Harmony, Not Discord:

According to this principle, there should be harmony between the employees and management. This coordination will help in minimizing conflicts between them. The perfect understanding between employees and management will be helpful in creating a healthy work environment for achieving the desired goal.

3. Mental Revolution:

Taylor introduced the concept of "Mental Revolution". This principle focuses on the change in the attitude of employees and management towards each other. Both should realize their equal importance in the organization. They should give



full cooperation for achieving the goal of the organization. This will increase productivity and profits.

4. Cooperation, Not Individualism:

This principle emphasizes mutual cooperation between the workforce i.e. employees and management. Due to cooperation, trust, team spirit, etc. internal competition will turn into a healthy working environment. Management should always consider the suggestions given by employees in the decision-making process.

5. Division of Responsibility:

Proper division of work should always be accompanied by the division of responsibilities between the managers and employees. Major planning is done by the top and middle-level management authorities whereas employees are concentrating on its execution. It helps for the best performance of managers as well as employees.

6. Development of employer and employees for greater efficiency and maximum prosperity:

The best performance of any organization always depends on the skills and capabilities of its employees to a great extent. Thus, providing training and development programs to the employees whenever required, is very essential. It ultimately affects the profitability of the organization. Each employee should be given the proper opportunity to attain greater efficiency and maximum prosperity.

Exercise 6 | Q 4 | Page 16

Answer the following question.

Explain meaning of principles of management and discuss the nature principles of management.

SOLUTION 1

Management principles are the basic truths that govern managerial behaviour. They help managers in taking managerial decisions. They are the general premises that can be applied to different situations. The following points highlight the nature of the principle of management:

i. Universal - Universality of management principles implies that they can be applied to every firm, irrespective of its size, nature or location.

ii. Act as guidelines - Management principles act as guidelines; they are considered general premises for decision making. However, they do not provide straitjacket solutions to all problems.

iii. Experiment based - Management principles have been developed through years of research and experimentation; that is why they are technical in nature. They pertain to

different working situations and can be modified by managers as per the situations and requirements.

iv. Flexible - Management principles are not rigid in nature. They can be moulded by managers as per the need of the hour.

v. Behavioural - Management principles aim at influencing the behaviour of individuals; the applicability of these principles varies according to changes in human nature.

vi. Indicative of cause–effect relationship - As management principles are based on years of experimentation, they provide a definite cause and effect relationship.

SOLUTION 2

The nature of management principles is given below:

1. **Universal application:** The principles of management are universal in nature. That means they can be applied to all types of organizations, irrespective of their size and nature. Their results may vary and application may be modified but these are suitable for all kinds of organizations. Similarly, they are applicable to all levels of management.
2. **General guidelines:**
Management principles provide general guidelines in tackling the organizational situations wisely as well as in solving the problems. They are not rigid. Which management principles are to be applied depends upon the situation, size, and nature of the organization.
3. **Principles are formed by practice and experiments:**
The management principles are developed gradually with thorough research work. Systematic observations and experiments are conducted before developing them. The results of such experiments have been developed as a principle after its practice in organizations.
4. **Flexibility:**
Management principles are flexible in nature. It means they can be changed or modified according to the situation. Managers can be flexible while implementing principles to suit the requirement. The business situations keep on changing. Management principles can be adjusted or modified and can be used in the organization according to its need.
5. **Behavioral in nature:**
Management is a group activity. Management aims at achieving a certain goal through a group of human beings. Management principles are designed to influence human beings. These principles control a group of persons and direct them to achieve the objectives.



6. Cause and effect relationship:

Principles of management are the base for taking decisions. They determine the cause or reason for a particular effect. For example, payment of good wages and incentives helps in increasing the output of workers or making effective advertisement increases the sale of a product.

7. All principles are of equal importance:

All principles of management are of equal importance. Those are to be practiced simultaneously to get the best results in the form of achievement of predefined goals. If any specific principle is focused more and others are not followed with the same focus, then it affects the working of the organization.

EXERCISE 7 [PAGE 16]

Exercise 7 | Q 1 | Page 16

Answer the following.

What are the techniques of scientific management? Explain in detail?

SOLUTION

1. Work Study:

Before assigning the work to the available workforce, proper work-study should be done by management. Work-study consists of an organized, systematic, and critical assessment of the various activities or functions. Work-study is based on techniques such as time study, motion study, method study, and fatigue study.

A) Time Study:

It is the technique of observing and recording the time taken by an employee to complete a given task. With the help of time study, the precise time required for each element of work is determined.

B) Method Study:

There are always various methods of completing the task. For best quality and cost-effectiveness, identifying the best method of doing a particular job is a very important but challenging task for a manager.

C) Motion Study:

The study of required motion means the movement of an employee as well as of machine while completing a particular task is very important. It is helpful in eliminating unnecessary motions and finding the best method of doing a particular job.

D) Fatigue Study:

Generally long working hours without sufficient breaks, target pressure, heavy working tools, and poor working conditions result into physical and mental stress



i.e. fatigue. The study of fatigue and steps to reduce the level of fatigue is very important to maintain the operational efficiency of the employees.

2. Standardization of Tools and Equipments:

With the result of experiments conducted at the workplace, Taylor advocated the standardization of tools and equipment. Standardized working environment and methods of production help to reduce spoilage and wastage of material, cost of production, fatigue among the workers and it improves the quality of work.

3. Scientific Task Setting:

Taylor emphasized the need for fixing a fair day's work. Scientific work setting is important to prevent the employees from doing work much below their capacity. By using this technique, employees will complete the task according to standards given and management can keep proper control on optimum utilization of the workforce.

4. Scientific Selection and Training:

Management can select the right persons for the right jobs by using scientific selection procedures.

It needs to fix job specifications as per requirement. Employees are selected according to predetermined standards in an impartial way. After selection, management should provide the proper training programs to increase their efficiency.

5. Functional Organization:

In this concept of Taylor, planning is separated from implementation. That means, planning is done by different people and actual work is supervised by different people.

They are categorized as follows:

A) At Planning Level:

1. Route Clerk- tells how work moves from one machine to another.
2. Instruction Clerk- records instructions to complete the work.
3. Time and Cost Clerk- determines the time in which work should be completed and work out the cost
4. Discipline- ensures that the workers are working as per factory rules.

B) At Implementation Level:

1. Gang Boss-actually gets the work done.
2. Speed Boss- ensures that the work is completed in a specified time.
3. Repair Boss- handles the security and maintenance of the mechanism
4. Inspector- ensures that the work is done as per the specified standards.

6. Differential Piece-Rate Wage Plan:

Remuneration should be fixed in such a way that the average worker is motivated to attain a standard output. Taylor suggested the differential piece-



wage system. Higher rates are offered to employees who complete the work more than the standard quantity under this system. On the other hand, if an employee is performing below the standard; he shall be given a lower rate of wages. This technique motivates the employees to attain higher standard performance and earn wages.

Exercise 7 | Q 2 | Page 16

Answer the following.

Explain 14 principles of Henry Fayol in detail.

SOLUTION

1. Principle of Division of Work:

According to this principle, the work is divided into different kinds such as technical, financial, commercial, security operations, accounting, and managerial. It is assigned to employees as per their qualities and capabilities. It helps in improving the efficiency and expertise of employees which ultimately turns into expected productivity level.

2. Principle of Authority and Responsibility:

Authority is the right to make decisions. It is necessary to get the things done appropriately from subordinates. Authority always comes with responsibility. If the manager is given the authority to complete a task within a given time, he should be held responsible if he does not complete the work in a given time. Managers should have the proper authority to take managerial decisions on their own with respect to the goal.

3. Principle of Discipline:

According to Fayol, discipline is the most essential thing in the organization. Employees must obey and respect the rules that govern the organization. Discipline helps to achieve the goals of the organization. Good discipline is the result of effective leadership. There must be a clear understanding between the management and workers regarding the organization's rules. Basic discipline should be observed at all levels of management.

4. Principle of Unity of Command:

Each member of the organization should receive orders from only one superior. This principle helps in managing conflicts and solving disputes among people in an organization. It also helps in avoiding confusion. If an employee receives commands from more than one authority, he will get confused and will not be able to take decisions about whose orders should be followed.

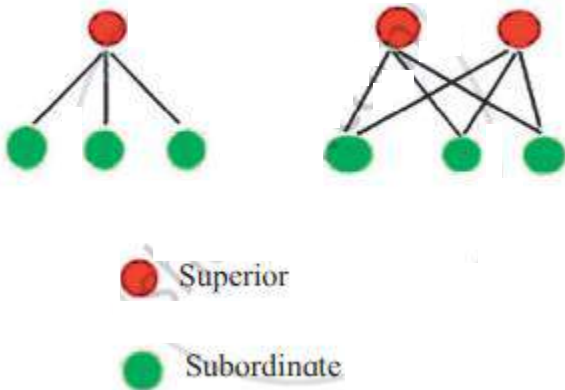
5. Principle of Unity of Direction:

This principle states that 'there should be one head and one plan' in every organization. Each group in the organization should have the same objective and

the group should be directed by one manager using a single plan.

Right Approach

Wrong Approach



6. Principle of Subordination of Individual Interest to Organizational Interest:

According to this principle, the interest of an individual must be given less importance than the interest of the organization. While taking decisions in the organization the manager should always consider the interest of the whole group rather than the interest of a single employee. Similarly, the employee should protect the interest of the organization first and his personal interest should be subordinated.

7. Principle of Centralization:

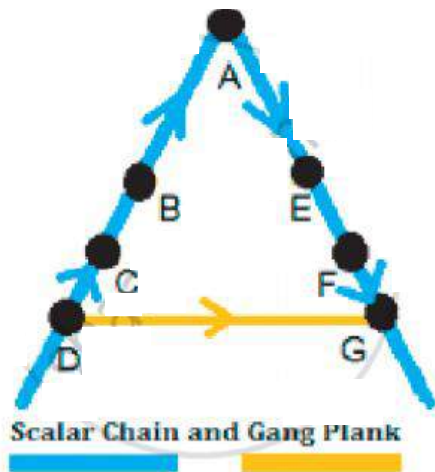
Centralization refers to the concentration of powers and authorities. In some organizations, this power is vested in one hand or a few hands. According to this principle, there must be a proper balance between centralization and decentralization in the organization. This is to be done according to the size of the organization, nature of the activity, etc.

8. Principle of Remuneration:

Appropriate remuneration to staff or employees is the principle to keep them satisfied financially as well as retain them for a long span of time within the organization. The fair remuneration effects on the productivity and efficiency level in total. The remuneration should be fixed by taking into consideration the skill, expertise, knowledge, tenure, cost of living, market trend, the profitability of the organization, etc.

9. Principle of Scalar Chain:

Scalar chain means the hierarchy of authority from the top level to the lower level for the purpose of communication. This helps to ensure the orderly flow of information and communication. Traditionally, organizations used to frame a large scalar chain which is time-consuming. For avoiding this longer chain and to take speedy decisions cross-communication or direct communication is followed by various organizations that are known as Gang Plank. For direct communication, proper permission of the authorities is necessary. But to avoid delay or in an emergency situation, there will be direct communication. It is termed as Gang Plank.



10. Principle of Order:

This principle is based on 'A place for everything and everything in its place'. Human resources and materials should be in the right place at the right time for maximum efficiency. Human resources should be placed in the right place and on the right job. The principle focuses on the proper utilization of physical and human resources.

11. Principle of Equity:

Management should be fair as well as friendly to the subordinates. While dividing the work, delegating the authorities, deciding the monetary terms, etc. There should not be any discrimination between the employees. It is also suggested that the remuneration should not depend on the department but at the level on which subordinates are working.

12. Principle of Stability of Tenure:

At the time of recruitment of employees, the management should assure them about the stability of tenure or job security. It plays a very important role in creating a sense of belongingness among the employees. Insecurity in a job always affects the efficiency of employees adversely whereas job security minimizes employee turnover ratio.

13. Principle of Initiative:

The initiative refers to volunteering to do the work in an innovative way. The freedom to think and work on new ideas encourages employees to take initiative while working on a given task. This initiative should be welcomed by the manager including a thorough discussion on those new ideas. It also helps in creating a healthy organizational culture.

14. Principle of Esprit de corps: (Teamwork)

Henry Fayol has given the emphasis on teamwork. Esprit de corps means the union is strength. Running any organization is a group activity and human resources are the valuable asset of the organization. If all employees are working as a union and with mutual trust, the difficulties can be solved quickly. Therefore, as a leader, managers should create a spirit of teamwork and understanding among employees to achieve the organizational goals easily.