

WITH
RANDOM
ACCESS
SLIDES

PRESENTATION SLIDES ON

XII BUSINESS STUDIES

CHAPTER - II

PRINCIPLES OF MANAGEMENT

Based on SCERT Syllabus

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Principles

Principles are basic truths or guidelines.

Management principles are the statements of fundamental truths that provide guidelines for managerial decision making and action.

“Management principles are fundamental truth of general validity” - Koontz and O’ Donnel.





NATURE OF PRINCIPLES OF MANAGEMENT



1 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.





2 General guidelines:

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





3 Formed by practice and experimentation:

The principles of management are formed by experience and collective wisdom of managers as well as experimentation.





4

Flexible:

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





5 Mainly behavioral:

Principles of management are mainly behavioral in nature. They influence behavior of human beings. It enables a better understanding of the relationship between human and material resources in accomplishing Organisational goals.





6 Cause effect relationships:

The principles of management are intended to establish a cause and effect relationship, so that they can be used in similar situations to an extent. They tell us if a particular principle was applied in a particular situation, what would be its likely effect.





7 Contingent:

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





SIGNIFICANCE OF PRINCIPLES OF MANAGEMENT



1

Providing managers with useful insights into reality:

The principles of management provide the managers with useful insights into real world situations. They provide knowledge, ability and understanding of managerial situations. It will also enable managers to learn from past experiences and to solve recurring problems quickly.





2

Optimum utilisation of resources and effective administration:

By optimum utilisation, we mean that the resources should be put to use in such a manner that they should give maximum benefit with minimum cost. Principles equip the managers to foresee the cause and effect relationships of their decisions and actions. As such the wastages can be minimised.





3 Scientific decisions:

Management principles help in thoughtful decision-making. They emphasis logic rather than blind faith. Decisions taken on the basis of principles are free from bias and prejudice. They are based on the objective assessment of the situation.





4 Meeting changing environment requirements:

Management principles are flexible to adapt to dynamic business environment. Although they are in the nature of general guidelines, it can be modified and as such help managers to meet changing requirements of the environment.





5 Fulfilling social responsibility:

The increased awareness of the public, forces businesses to fulfill their social responsibilities. Management theory and principles have also evolved in response to these demands. Moreover, the interpretation of the principles also assumes newer and contemporary meanings with the change in time.





6 Management training, education and research:

Principles of management are at the core of management theory. As such these are used as a basis for management training, education and research. They provide basic groundwork for the development of management as a discipline and to develop new management techniques.





TAYLOR'S SCIENTIFIC MANAGEMENT



TAYLOR'S SCIENTIFIC MANAGEMENT



Fredrick Winslow Taylor (1856 – 1915)

(Known as Father of Scientific Management)





Taylor introduced the term 'Scientific Management' in his article '**The Principles of Scientific Management**' in 1911. He emphasized a scientific approach in management.

According to Taylor," Scientific management is knowing exactly what you want men to do and seeing that they do it ion the best and cheapest way"





PRINCIPLES OF SCIENTIFIC MANAGEMENT



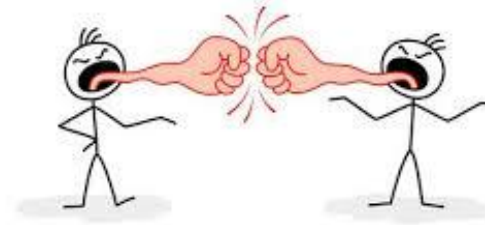
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1 Science, not Rule of Thumb:

Taylor believed that there was only one best method to maximise efficiency. This method can be developed through scientific study and analysis. It should substitute 'Rule of Thumb' method. Scientific investigation on traditional methods through work-study, unifying the best practices and developing a standard method, which would be followed in the organisation.





2 Harmony, Not Discord:

Taylor emphasised that there should be complete harmony between the management and workers. Both should realise that each one is important. To achieve this state, Taylor called for complete mental revolution on the part of both management and workers. Management should share the gains of the company, if any, with the workers. At the same time workers should work hard.





3 Cooperation, Not Individualism:

There should be complete cooperation between the labour and the management instead of individualism. Competition should be replaced by cooperation. Both should realise that they need each other. Management should accept constructive suggestions made by the employees and employees should not make unreasonable demands on the management.





4

Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity:

Industrial efficiency depends on personnel competencies. Taylor said that the efficiency could be built in right from the process of employee selection. Each person should be scientifically selected, Trained and assigned with suitable work. Efficient employees would produce and earn more. This will ensure their greatest efficiency, and prosperity for both company and workers.

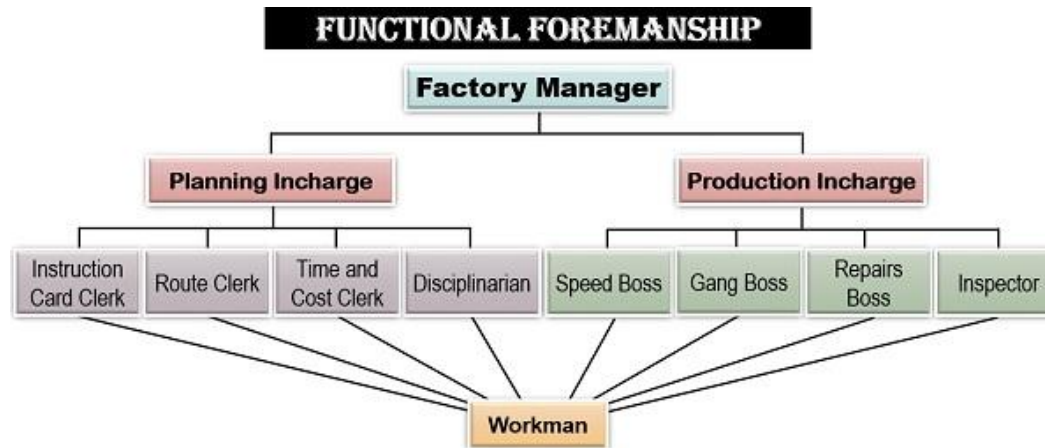


TECHNIQUES OF SCIENTIFIC MANAGEMENT



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1 Functional Foremanship:

It is the technique of separation of planning and execution function at Lower level. Taylor divided the work of factory manager into two departments, each with four specialists:

- (i) Planning department
- (ii) Production department



TECHNIQUES OF SCIENTIFIC MANAGEMENT

Functional Foremanship

Specialists of planning dept.

ROUTE CLERK

Determines sequences of works

INSTRUCTION CARD CLERK

Prepares instruction card for workers

TIME & COST CLERK

Records time taken and cost for work done

DISCIPLINARIAN

Ensures discipline to be performed

Specialists of production dept.

GANG BOSS

Arranges machines and tools

SPEED BOSS

Ensures speed of performance

REPAIR BOSS

Maintenance of machines

INSPECTOR

Keep quality control of output





2 Standardisation and simplification of work

Standardisation refers to the process of setting standards for every business activity; it can be standardisation of process, raw material, time, product, machinery, methods etc.

Simplification means eliminating unnecessary diversity of products. It results in savings of cost of labour, machines and tools.

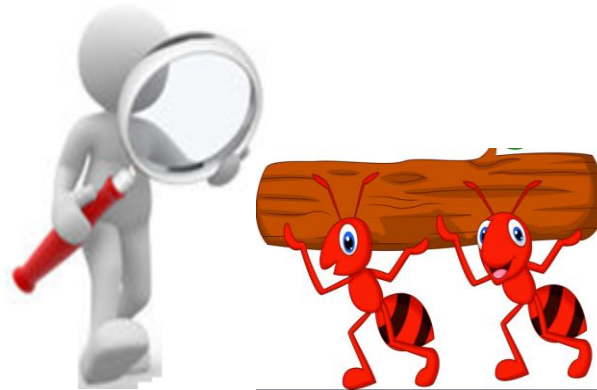




3 Method study:

The objective of method study is to find out one best way of doing the job. To do this, there are several parameters. Right from procurement of raw materials till the final product is delivered to the customer, every activity is part of method study.





4 Motion Study:

Motion study refers to the study of movements like lifting, putting objects, sitting and changing positions etc., which are undertaken while doing a typical job. Unnecessary movements are sought to be eliminated so that it takes less time to complete the job efficiently.





5 Time Study:

It determines the standard time taken to perform a job. Time measuring devices are used for each element of task. The standard time is after taking several readings. The objective of time study is to determine the number of workers to be employed; frame suitable incentive schemes and determine labour costs.





6 Fatigue Study:

Fatigue study seeks to determine the amount and frequency of rest intervals in completing a task. rest intervals will help one to regain stamina and work again with the same capacity. This will result in increased productivity.





7 Differential piece wage system:

Taylor wanted to differentiate between efficient and inefficient workers. The workers can then be classified as efficient or inefficient on the basis of the standards fixed. He introduced different rate of wage payment for those who performed above standard (**with High rate**) and for those who performed below standard (**with low rate**).





Taylor's special concept

Mental Revolution:

Mental revolution involves a change in the attitude of workers and management towards one another from competition to cooperation. Both should realise that they require one another.

This would eliminate the need for any agitation. Management should share a part of surplus with workers. Workers should also contribute their might so that the company makes profits. This attitude will be good for both of them and also for the company.

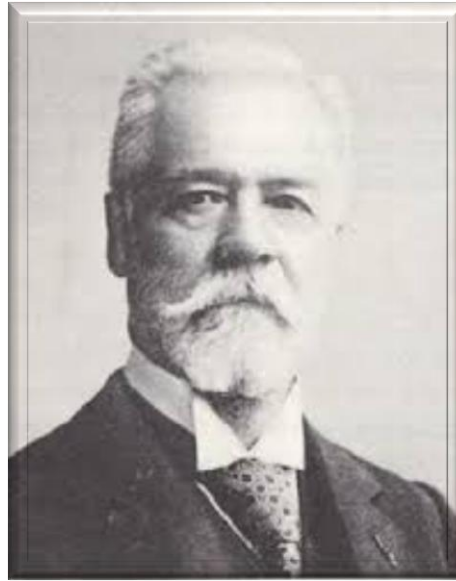




FAYOL'S PRINCIPLES OF MANAGEMENT



FAYOL'S PRINCIPLES OF MANAGEMENT



HENRY FAYOL (1841 – 1925)

Known as the 'Father of General Management'

He introduced 14 Principles of Management

Famous book – "General and industrial management"





1 Division of Work:

The work is divided into small tasks / jobs. Each jobs is assigned to the trained specialist who is competent to perform the job. Thus, division of work leads to specialisation.It applies to both managerial and technical works.



FAYOL'S PRINCIPLES OF MANAGEMENT



2 Authority and Responsibility :

Authority is the right to give orders and obtain obedience, on the other hand responsibility is the obligation to perform the work as directed by authority. There should be a balance between authority and responsibility. Each are futile in the absence of other.





3 Discipline:

Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation.





4 Unity of Command:

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. There should be one and only one boss for every individual employee.





5 Unity of Direction:

All the units of an organisation should be moving towards the same objectives through coordinated and focussed efforts. Each group of activities having the same objective must have one head and one plan. This ensures unity of action and coordination.





6 Subordination of Individual Interest to General Interest :

The interests of an organisation should take priority over the interests of any one individual employee . Every worker has some individual interest for working in a company. The company has got its own objectives. The interests of the group/company must supersede the interest of any one individual.

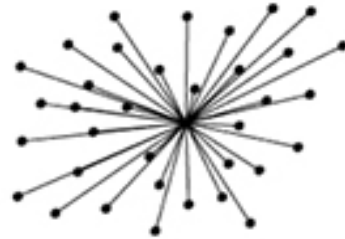




7 Remuneration of Employees :

The remuneration should be just and equitable. 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.





centralised

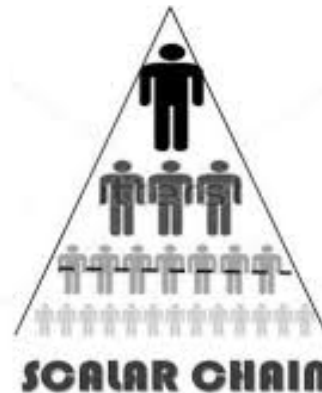


decentralised

8 Centralisation and Decentralisation :

The concentration of decision-making authority is called centralisation whereas its dispersal among more than one person is known as decentralisation. The degree of centralisation will depend upon the circumstances in which the company is working.





9 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, an organisations should have a scalar chain and must be followed by all managers and the subordinates.

GANG PLANK METHOD

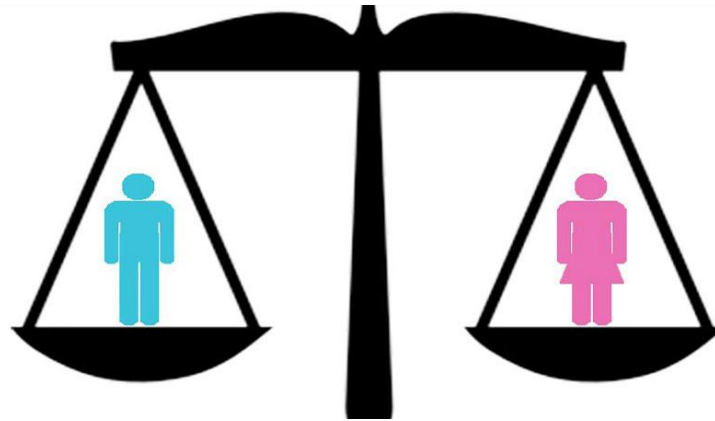




10 Order:

It means People and materials must be in suitable places at appropriate time. The principle of 'order' states that there must be a place for everything and anything , then there will be no hindrance in the activities. This will lead to increased productivity and efficiency.





11 Equity:

This principle emphasises kindness and justice in the behaviour of managers towards workers. This will ensure loyalty and devotion. There should be no discrimination against anyone on account of sex, religion, language, caste, belief ,nationality etc.





12 Stability of Personnel:

Personnel should be selected and appointed after due and rigorous procedure. Once an employee is selected ,they should be kept at their post/position for a minimum fixed tenure. Employee turnover should be minimised to maintain organisational efficiency. They should be given reasonable time to show results.





13 Initiative:

Initiative means taking the first step with self-motivation. Workers should be encouraged to develop and carry out their plans for improvements. But it does not mean going against the established practices of the company. The initiative/ suggestions with substantial cost/time reduction should be considered and rewarded by the firm.





14 Espirit De Corps:

Management should promote a **team spirit** of unity and harmony among employees, 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.





FAYOL VS TAYLOR



FAYOL Vs TAYLOR – A Comparison

BASIS OF DIFFERENCE	FAYOL	TAYLOR
① EXPRESSION	General Theory of Administration	Scientific Management
② FOCUS	Improving overall administration	Increasing Productivity
③ APPLICABILITY	Applicable universally	Applicable to specialised situations
④ PERSPECTIVE	Top level of management	Shop floor level of a factory



FAYOL Vs TAYLOR – A Comparison

BASIS OF DIFFERENCE

FAYOL

TAYLOR

⑤ UNITY OF COMMAND

Proponent of idea

Didn't give importance

⑥ BASIS OF INFO

Personal experience

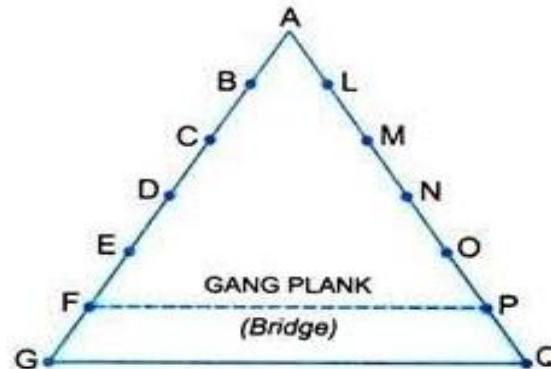
Observations and experimentation

⑦ PERSONALITY

Practitioner

Scientist

GANG PLANK METHOD



This method is for short circuiting the chain for quick communication. In the above figure, there are two ladders of authority, one from **A** to **G** and other from **A** to **Q**. If **F** wants to communicate with **P**, information will have to flow upward from **F** to **A**, then downward from **A** to **P**. According to Fayol, if there is an emergency then '**F**' can directly contact '**P**' through '**Gang Plank**' as shown in the diagram. This is a shorter route and has been provided so that communication is not delayed.



Thanks



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