



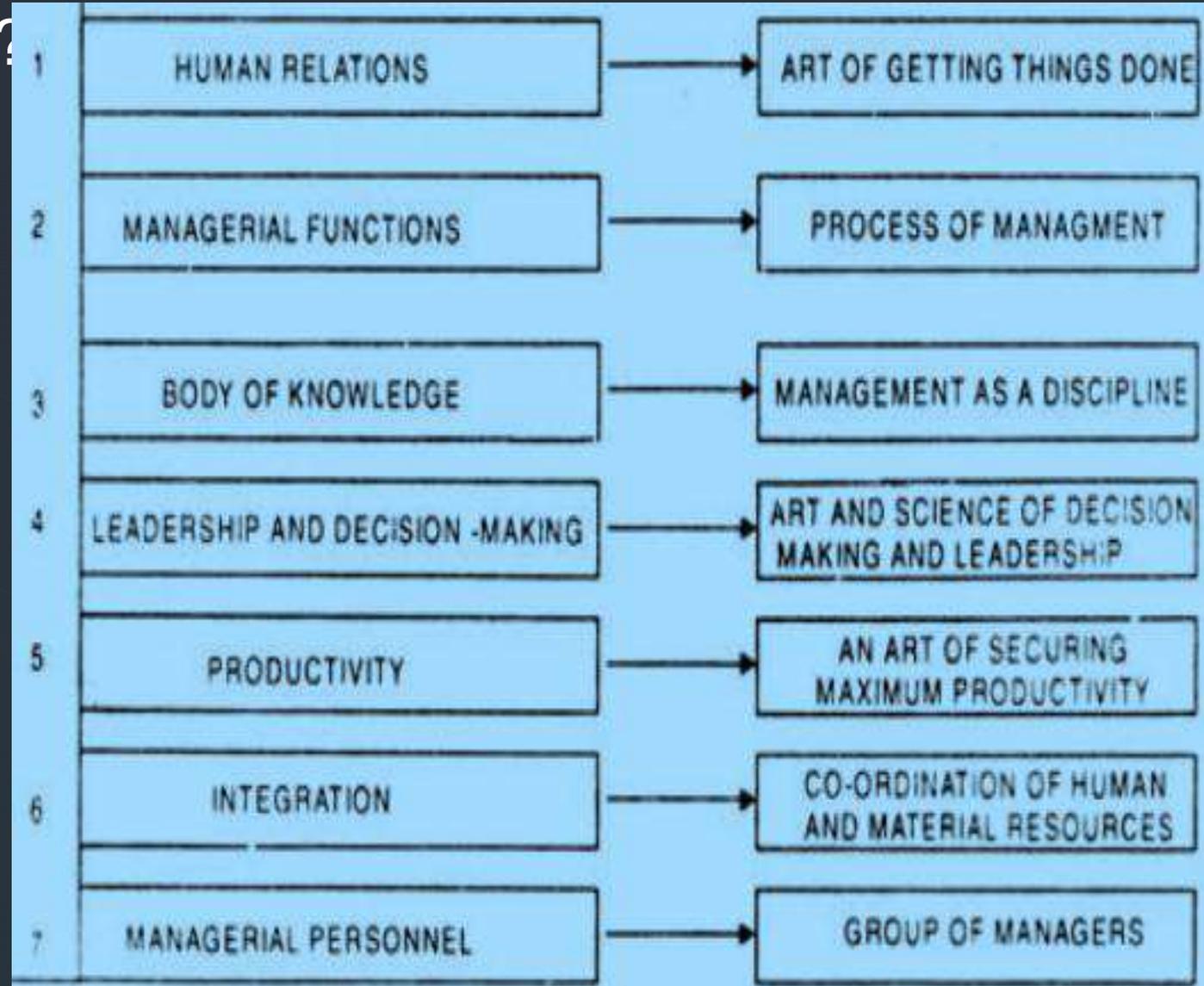
Principles of management

Sem-II

Unit-I

What is management?

- Management: An Overview
- Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. Since organizations can be viewed as systems, management can also be defined as human action, including design, to facilitate the production of useful outcomes from a system. This view opens the opportunity to manage oneself, a pre-requisite to attempting to manage others.



Definitions of management:

- Terry and Franklin- “Management is a distinct process consisting of activities planning, organising, actuating and controlling, performed to determine and accomplish stated objectives with the use of human beings and other resources.”
- Koontz and Weihrich- “Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.”
- F. W. Taylor- “Management is an art of knowing what is to be done and seeing that it is done in the best possible manner.”
- Henri Fayol- “Management is to forecast, to plan, to organise, to command, to co-ordinate and control activities of others.”

Characteristics of management



- **Universal Process:** Wherever there exists human pursuit, there exists management. Without effective management, the intentions of the organisation cannot be accomplished.
- **The factor of Production:** Equipped and experienced managers are necessary for the utilization of funds and labour.
- **Goal-Oriented:** The most significant aim of all management pursuit is to achieve the purposes of a firm. The aims must be practical and reachable.
- **Supreme in Thought and Action:** Managers set achievable goals and then direct execution on all aspects to achieve them. For this, they need complete assistance from middle and lower degrees of management.
- **The system of Authority:** Well-defined principles of regulation, the regulation of proper power and efficiency at all degrees of decision-making. This is important so that each self must perform what is required from him or her and to whom he must report.
- **Profession:** Managers require to control managerial expertise and education, and have to adhere to a verified law of demeanour and stay informed of their human and social responsibilities.
- **Process:** The management method incorporates a range of activities or services directed towards an object.

Nature of Management:



Significance of Management:

- **Achieving Group Goals:** Management encourages collaboration and coordination amongst workers. A general control must be provided to the organizational and personal objectives in order to favourably accomplish the aims.
- **Increases Efficiency:** Management improves productivity by managing resources in a reliable conceivable way in order to decrease cost upscale potency.
- **Creates Dynamic organization:** Management undertakes the conditions by assuring that these variations are well accepted privately and that objection to change is controlled.
- **Achieving personal objectives:** Management promotes leadership and furnishes motivation to the employees to operate effectively in order to accomplish their personal aims while working towards the organizational goals.
- **Development of Society:** Management helps in the enhancement of community by manufacturing reliable quality commodities, establishing employment chances and fostering innovative technologies.

Management is an art and science as a profession

- **The basic features of an art are:**
- **Existence of Theoretical Concepts**
- Contrary to popular belief, art is not at all crude and non-theoretical. Every form of art contains a fair amount of theories. Also, there are various basic principles for every form of art, framed by their fathers, which are religiously followed by students. For example- literature on acting, public speaking etc.
- **Personalised Application**
- Interestingly, art is very personalized. Although the basic principles form the roots of a form of art, it is the personal application, skills and creativity of their students that defines that respective art as their own. In other words, it varies from individual to individual. For example, two writers can express their art in a completely different manner.
- **Based on Practice and Creativity**
- Any art has its respective basic theories and principle that guides its students. However, it just provides a spark. The onus is upon the students to practice these concepts. Further, it is the creativity of a person that makes him/her stand out from the crowd in the world of art. For example, a musician begins his/her journey learning the basic concepts like the seven notes. However, it is how he/she does creative and new things with that knowledge that earns recognition.



Management is an art?

- A manager takes care of all the management processes within an organisation with the help of knowledge gained from the study and practice of theoretical concepts and basic principles of management. An abundant amount of literature is present in various areas of management that act as guiding principles and important knowledge for all managers.
- There exist a plethora of management strategies and theories propounded by the fathers of management. These principles are used by a manager to handle the various situations in their day to day managerial lives. Also, efficient management practices, imagines, takes initiative and innovates on these concepts. Lastly, the creativity of a specific manager plays a key role in the application of such principles in a unique way.
- Each manager has his own style of management. Though, the basic knowledge remains more or less the same, the style of application of this by a manager can be completely different from others. This means a specific manager has his own style of management.



What is a Science?

- We need to understand how a field is qualified as a science before venturing into the scientific side of management. The basic features of a science are:
- **Systematised Body of Knowledge**
- Scientific principles are based on a cause and effect relationship. By and large, science is a systematic body of language. For example, gravity explains the phenomenon of an apple falling from a tree.
- **Principles based on Experimentation**
- Scientific conclusions are not a result of hearsay or raw observations. Rather the results are based on careful observation which is proved by experiments performed under controlled conditions.
- **Universal Validity**
- Scientific concepts and laws are applicable universally. There may be exceptions to the rule, but these are



Management as a Science?

- Management is a systematic subject. Evidently, it has various concepts and theories which are developing with time and is also related to other subjects like mathematics, economics etc. Further, there are certain terms and vocabulary exclusive to management. Management professionals extensively use these terms to communicate with each other.
- The various principles and concepts of management are a result of constant experimentation and observation. However, human beings are complex organisms with unpredictable behaviours. Interestingly management deals with human beings and human behaviour. As a result of the experiments in the field of management are not completely predictable or replicable. We can predict the outcomes but can't be entirely sure of it. This means there exists an element of uncertainty. Evidently, management is also known as an inexact science.

Management as a profession

- **How to Define a Profession?**

- There are various features that management and profession have in common. In other words, since management displays features that come under the umbrella of a profession, it is said to be a profession. Let us dig deeper into the characteristics common to all professions:

1. **Well-defined Body of knowledge**

- A profession has a certain basic set of knowledge that acts as instruction and can be acquired by practice.

2. **Restricted Entry**

- One cannot simply just enter into a profession. Instead, there are some eligibility criteria like an examination which the person needs to pass in order to enter into the professional domain. For example, in India, a person becomes a CA only after they pass the examinations conducted by the ICAI.

3. **Professional Association**

- Every profession is further the lookout of their respective associations. In simple words, each profession is affiliated to a body, council or association that carries out function like regulating entries, maintaining the code of conduct, grants certificates and so on. For example, the Bar Council of India controls the activities of all lawyers.

4. **Ethical Code of Conduct**

- There are certain ethics which the torchbearer of every profession has to abide by. These guide the behaviour of the members.

5. **Service Motive**

- Lastly, the aim of every profession is to serve the clients. This further means that a professional is required to render committed and dedicated services to ensure fulfilment of client's interests.

Management as Profession

- Management runs along the lines of a profession. Although not exactly, management exhibits many features that ensure that it is a part of the professional universe. Let us observe how:
- Management consists of well defined and systematic knowledge, that is imparted to people aiming to be a manager. This knowledge developed over time and is ever changing and increasing. Further, these concepts and principles are applied to general business situations. This knowledge is taught at various institutes, colleges and can also be acquired through books and journals. For example, the IIM is an institute aimed at teaching this management knowledge. Lastly, the admission to these institutes is through an examination.
- As discussed, a profession has restricted entry. But management does not meet this condition in a fulfilling manner. For example, medicine requires a practising doctor. Interestingly there are no such conditions in the managerial domain. Any person can be called a manager in an organisation regardless of their educational qualifications. Additionally, there is no particular degree, devoid of which, a person won't qualify as a manager. Then again possession of educational knowledge from reputed management colleges is an important aspect and desired quality.



Management vs Administration

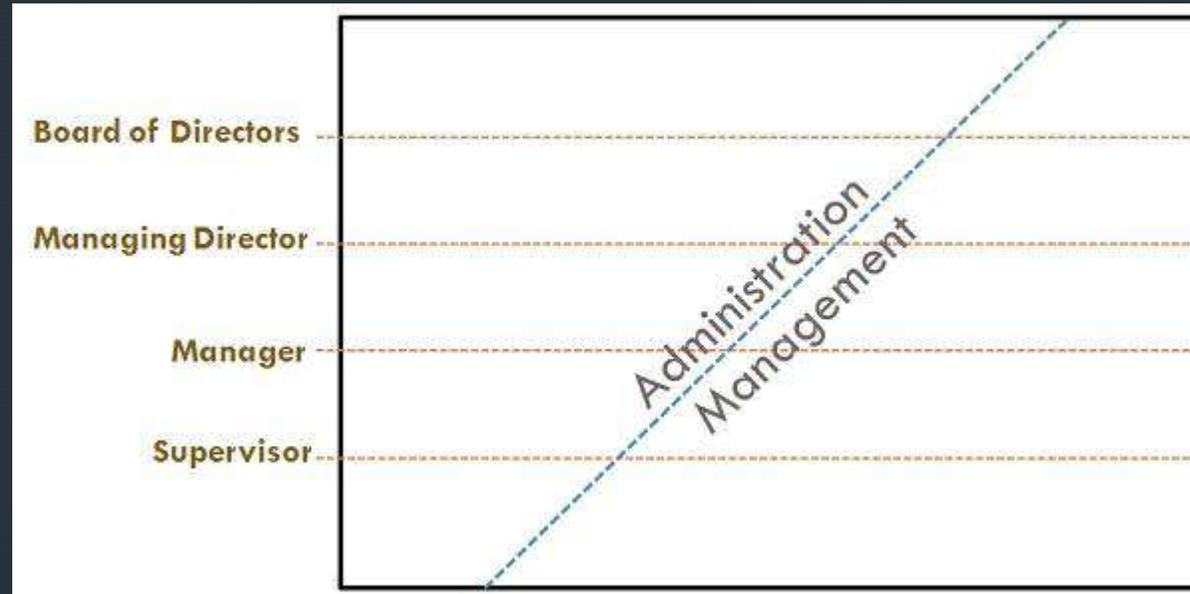
- **management**
- Management is defined as an act of managing people and their work, for achieving a common goal by using the organization's resources. It creates an environment under which the manager and his subordinates can work together for the attainment of group objective. It is a group of people who use their skills and talent in running the complete system of the organization. It is an activity, a function, a process, a discipline and much more.
- Planning, organizing, leading, motivating, controlling, coordination and decision making are the major activities performed by the management. Management brings together 5M's of the organization, i.e. Men, Material, Machines, Methods, and Money. It is a result oriented activity, which focuses on achieving the desired output.



Definition of Administration

- The administration is a systematic process of administering the management of a business organization, an educational institution like school or college, government office or any nonprofit organization. The main function of administration is the formation of plans, policies, and procedures, setting up of goals and objectives, enforcing rules and regulations, etc.
- Administration lays down the fundamental framework of an organization, within which the management of the organization functions.
- The nature of administration is bureaucratic. It is a broader term as it involves forecasting, planning, organizing and decision-making functions at the highest level of the enterprise. Administration represents the top layer of the management hierarchy of the organization. These top level authorities are the either owners or business partners who invest their capital in starting the business. They get their returns in the form of profits or as a dividend.

Management VS administration



Management VS administration

| | |
|--|--|
| Management is a systematic way of managing people and things within the organization. | The administration is defined as an act of administering the whole organization by a group of people. |
| Management is an activity of business and functional level, | whereas Administration is a high-level activity. |
| While management focuses on policy implementation | policy formulation is performed by the administration. |
| Functions of administration include legislation and determination. | Conversely, functions of management are executive and governing. |
| management makes decisions under the boundaries set by the administration. | Administration takes all the important decisions of the organization |

A group of persons, who are employees of the organization is collectively known as management.

On the other hand, administration represents the owners of the organization.

Management can be seen in the profit making organization like business enterprises.

Conversely, the Administration is found in government and military offices, clubs, hospitals, religious organizations and all the non-profit making enterprises.

Management is all about plans and actions,

but the administration is concerned with framing policies and setting objectives.

Management plays an executive role in the organization.

Unlike administration, whose role is decisive in nature.

The manager looks after the management of the organization,

whereas administrator is responsible for the administration of the organization.

Management focuses on managing people and their work.

On the other hand, administration focuses on making the best possible utilization of the organization's resources.



Levels of Management

- The term “Levels of Management’ refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories:
 - Top level / Administrative level
 - Middle level / Executory
 - Low level / Supervisory / Operative / First-line managers

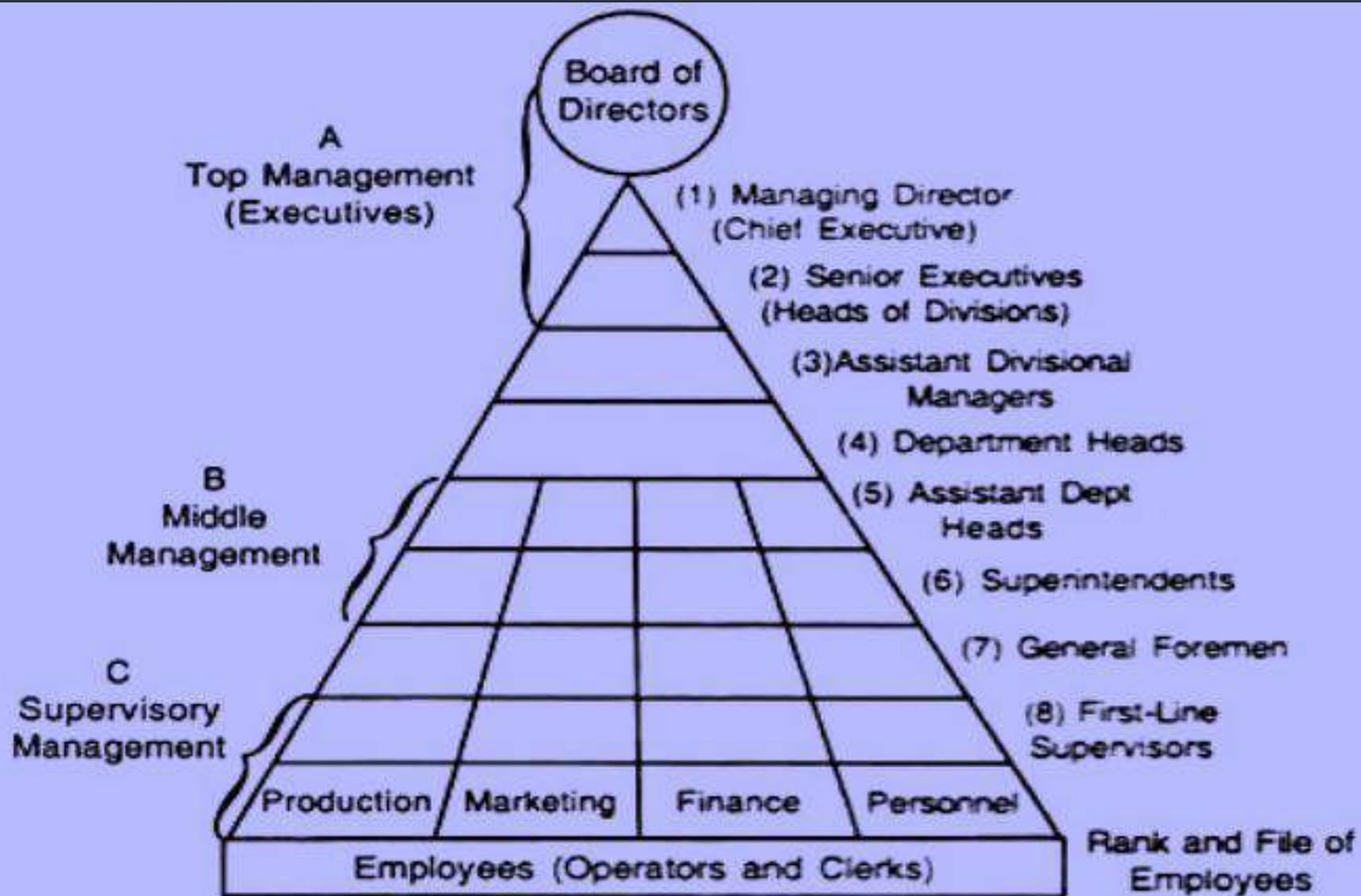


Fig 1. Levels of Management in the Organisation Structure.



Top Level of Management

- It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.
- The role of the top management can be summarized as follows -
 - Top management lays down the objectives and broad policies of the enterprise.
 - It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
 - It prepares strategic plans & policies for the enterprise.
 - It appoints the executive for middle level i.e. departmental managers.
 - It controls & coordinates the activities of all the departments.
 - It is also responsible for maintaining a contact with the outside world.
 - It provides guidance and direction.
 - The top management is also responsible towards the shareholders for the performance of the enterprise.

Middle Level of Management

- The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as -
- They execute the plans of the organization in accordance with the policies and directives of the top management.
- They make plans for the sub-units of the organization.
- They participate in employment & training of lower level management.
- They interpret and explain policies from top level management to lower level.
- They are responsible for coordinating the activities within the division or department.
- It also sends important reports and other important data to top level management.
- They evaluate performance of junior managers.
- They are also responsible for inspiring lower level managers towards better performance.

Lower Level of Management

- Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to R.C. Davis, "Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees". In other words, they are concerned with direction and controlling function of management. Their activities include -
- Assigning of jobs and tasks to various workers.
- They guide and instruct workers for day to day activities.
- They are responsible for the quality as well as quantity of production.
- They are also entrusted with the responsibility of maintaining good relation in the organization.
- They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- They help to solve the grievances of the workers.
- They supervise & guide the sub-ordinates.
- They are responsible for providing training to the workers.
- They arrange necessary materials, machines, tools etc for getting the things done.
- They prepare periodical reports about the performance of the workers.
- They ensure discipline in the enterprise.
- They motivate workers.
- They are the image builders of the enterprise because they are in direct contact with the workers.

Elements of managerial process

- Management is simply the science of managing all activities.
- According to pre-decided plans and achieving the desired goals effectively. It is the one who is responsible for the success of the organization. And the achievement of its goals.
- The Elements of Management starts with preparing the blueprint of the targets. That to be achieved for the organization. Then accordingly, plans are prepared and continuously monitored through effective means for the fulfillment of pre-set targets.
- The term management consists of five elements. That is needed to be performed simultaneously and effectively on time. These all elements are considered as the heart of the management and all are equally important.
- These elements are Planning, Organizing, Staffing, Directing & Controlling.

Process of management

■ MANAGEMENT

- It is the process of getting things done through others with the aim of achieving goals effectively and efficiently.
- It is organization and coordination of different activities of the business in order to achieve organizational goals and objectives.
- It is a distinct intellectual activity consisting of several functions
- like Planning, Organising, Directing, Controlling and staffing.
- The person who performs all these functions is known as Manager.

Management functions





PROCESS/FUNCTIONS OF MANAGEMENT

- **Planning:**
 - It is the intellectual process of deciding in advance what is to be done, when, where, how and for whom it is to be done.
 - It bridges the gap from where we are to where we want to go.
 - It is the primary function of management without which no other function can be performed.
- **Organizing:**
 - Planning is just to put some idea in writing, but to convert that idea into reality organizing is required.
 - It is the management function of assigning duties, grouping tasks, establishing reporting relationships and allocating resources required to carry out a specific plan.

- **Staffing:**

27

- It means finding the right man for the right job.

- It includes activities like

- >Recruitment

- >Selection

- >Placement

- >Training and Development of personnel

- **Directing:**

- It is said to be the process in which managers instruct, guide and overseeing the performance of the workers to achieve predetermined goals

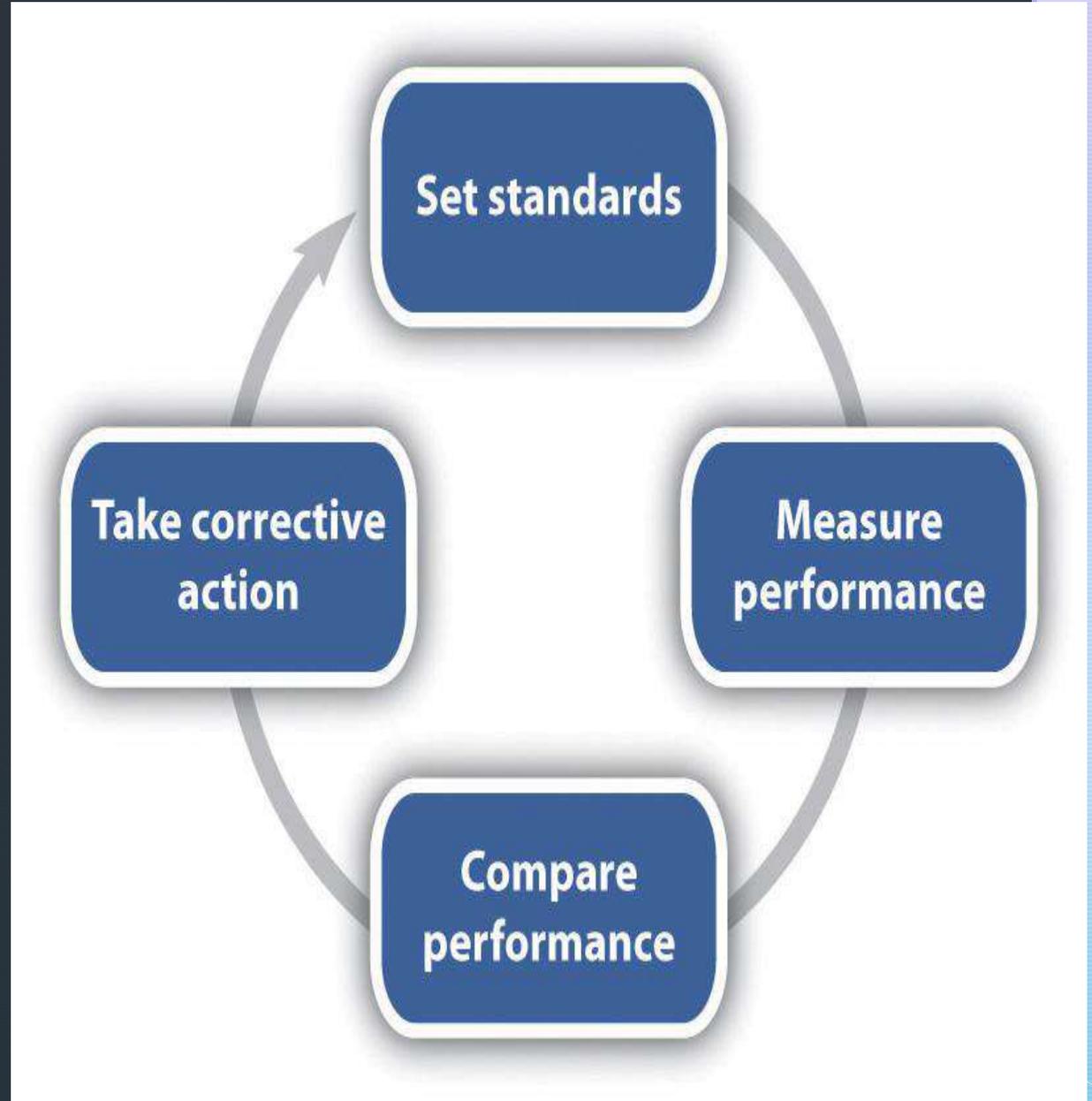
- Elements of Directing

- >Motivation

- >Leadership

- >Communication

- **Controlling:**
- It is a function of monitoring organization performance towards the achievement of organization goals
- It involves-
 - > Establishing standards of performance
 - > Measuring actual performance
 - > Comparing actual performance with standards
 - > Taking corrective action for the deviation



Management style

- **What is Management Style ?**
- Every leader has a unique style of handling the employees (Juniors/Team). The various ways of dealing with the subordinates at the workplace is called as management style.
- The superiors must decide on the future course of action as per the existing culture and conditions at the workplace. The nature of employees and their mindsets also affect the management style of working.
- **Different Management Styles**
- **1.Autocratic Style of Working**
- In such a style of working, the superiors do not take into consideration the ideas and suggestions of the subordinates.
- The managers, leaders and superiors have the sole responsibility of taking decisions without bothering much about the subordinates.
- The employees are totally dependent on their bosses and do not have the liberty to take decisions on their own.
- The subordinates in such a style of working simply adhere to the guidelines and policies formulated by their bosses. They do not have a say in management's decisions.
- Whatever the superiors feel is right for the organization eventually becomes the company's policies.
- Employees lack motivation in autocratic style of working.

30▪ **2.Paternalistic Style of Working**

- In paternalistic style of working, the leaders decide what is best for the employees as well as the organization.
- Policies are devised to benefit the employees and the organization.
- The suggestions and feedback of the subordinates are taken into consideration before deciding something.
- In such a style of working, employees feel attached and loyal towards their organization.
- Employees stay motivated and enjoy their work rather than treating it as a burden.

▪ **3.Democratic Style of Working**

- In such a style of working, superiors welcome the feedback of the subordinates.
- Employees are invited on an open forum to discuss the pros and cons of plans and ideas.
- Democratic style of working ensures effective and healthy communication between the management and the employees.
- The superiors listen to what the employees have to say before finalizing on something.

- **4.Laissez-Faire Style of Working**

- In such a style of working, managers are employed just for the sake of it and do not contribute much to the organization.
- The employees take decisions and manage work on their own.
- Individuals who have the dream of making it big in the organization and desire to do something innovative every time outshine others who attend office for fun.
- Employees are not dependent on the managers and know what is right or wrong for them.

- **5.Management by Walking Around Style of Working**

- In the above style of working, managers treat themselves as an essential part of the team and are efficient listeners.
- The superiors interact with the employees more often to find out their concerns and suggestions.
- In such a style of working, the leader is more of a mentor to its employees and guides them whenever needed.
- The managers don't lock themselves in cabins; instead walk around to find out what is happening around them.



- Managers are the primary force in an organization's growth and expansion. Larger organizations are particularly complex due to their size, process, people and nature of business. However, organizations need to be a cohesive whole encompassing every employee and their talent, directing them towards achieving the set business goals. This is an extremely challenging endeavor, and requires highly effective managers having evolved people management and communication skills.
- **Mintzberg's Set of Ten Roles**
- Professor Henry Mintzberg, a great management researcher, after studying managers for several weeks concluded that, to meet the many demands of performing their function, managers assume multiple roles.
- He propounded that the role is an organized set of behaviors. He identified the following ten roles common to the work of all managers. These roles have been split into three groups.

Role of Managers

Interpersonal roles

Interpersonal Roles

| Role | Description | Examples |
|-------------------|---|---|
| Figurehead | Symbolic head; required to perform a number of routine duties of a legal or social nature | Ceremonies, status requests, solicitations |
| Leader | Responsible for the motivation and direction of subordinates | Virtually all managerial activities involving subordinates. |
| Liaison | Maintains a network of outside contacts who provide favors and information | Acknowledgment of mail, external/board work |

Informational roles

Informational Roles

| Role | Description | Examples |
|---------------------|---|--|
| Monitor | Receives wide variety of information; serves as nerve center of internal and external information of the organization | Handling all mail and contacts, categorized as concerned - primarily with receiving information |
| Disseminator | Transmits information received from outsiders or other subordinates to members of the organization | Forwarding mail into organization for information purposes; verbal contacts involving information flow to subordinates, such as, review sessions |
| Spokesperson | Transmits information to outsiders on organization's plans, policies, actions, and results; serves as expert on organization's industry | Board meeting; handling contacts involving transmission of information to outsiders |

Decisional roles

| Decisional Roles | | |
|----------------------------|--|---|
| Role | Description | Examples |
| Entrepreneur | Searches organization and its environment for opportunities and initiates projects to bring about change | Strategy and review sessions involving initiation or design of improvement projects |
| Disturbance handler | Responsible for corrective action when organization faces important, unexpected disturbances | Strategy and review sessions involving disturbances and crises |
| Resource allocator | Making or approving significant organizational decisions | Scheduling; requests for authorization; budgeting, the programming of subordinates work |
| Negotiator | Responsible for representing the organization at major negotiations | Contract negotiation |

Role of Taylor and Fayol in the Evolution of Management

- Introduction to Role of Taylor and Fayol in Management Evolution:
- Before we proceed to describe the evolution of management in the neo-classical period, i.e., 1930-1960, let us describe the role of Taylor and Fayol in management evolution. The industrial revolution brought about radical changes in the methods and techniques of production and distribution.
- Joint stock enterprise provided an ideal form of business organisation to deal with mass production and mass distribution. Company organisation demanded management by experts and gradually management assumed a professional character.
- F. W. Taylor:
- Taylor provided a base upon which much of our current thinking about is firmly established. He saw the need of systematic management, to analyse the work to be done, to measure it and to assign portions of work to the people best selected and trained to perform the work. He published his book. The Principles of Scientific Management in 1911.

Scientific management concept

Scientific management concept is one of the principles of management and is also known as classical theory. This principle is propounded by Fredrick Winslow Taylor (F.W Taylor) – the father of management. He was born in the USA in 1856.

Taylor worked towards the experiments at his work place to increase the worker's efficiency so that maximum output could be achieved by utilizing effort at maximum level.

1. **Scientific task setting:-** Taylor observed that the management does not know exactly the works – pieces of work- volume of works- which are to be performed by the workers during a fixed period of time- which is called working day. In a working day how much work is to be done by a worker but be fixed by a manager and the task should be set every day. The process of task setting requires scientific technique. To make a worker do a quantity of work in a working day is called scientific task setting
2. **Differential payment system:-** under this system, a worker received the piece rate benefit which will attract the workers to work more for more amount of wages and more incentives would be created to raise the standardization of output to promote the workers to produce more and perform more task than before and utilize waste time to earn more wages.

- **3. Reorganization of supervision:-** concepts of separation of planning and doing and functional foreman ship were developed. Taylor opines that the workers should only emphasize in planning or in doing. There should be 8 foremen in which 4 are for planning and 4 for doing. For planning they were route clerk, instruction card clerk, time and cost clerk and disciplinarian. And for doing they were speed boss, gang boss, repair boss and inspector.
- **4. Scientific recruiting and training:-** staffs and workers should be selected and employed on scientific basis. Management should develop and train every workers by providing proper knowledge and training to increase their skills and make them effective
- **5. Economy:-** efficient cost accounting system should be followed to control cost which can minimize the wastage and thoroughly reduced and thus eliminated.
- **6. Mental revolution:-** Taylor argued that both management and workers should try to understand each other instead of quarreling for profits and benefits which would increase production, profit and benefits.
-

Taylor developed four principles of scientific management.

- Four Principles of Scientific Management
- Taylor's four principles are as follows:
 - 1. Replace working by "rule of thumb," or simple habit and common sense, and instead use the scientific method to study work and determine the most efficient way to perform specific tasks.
 - 2. Rather than simply assign workers to just any job, match workers to their jobs based on capability and motivation, and train them to work at maximum efficiency.
 - 3. Monitor worker performance, and provide instructions and supervision to ensure that they're using the most efficient ways of working.
 - 4. Allocate the work between managers and workers so that the managers spend their time planning and training, allowing the workers to perform their tasks efficiently.

Henri Fayol's 14 Principles of Management

- Henry Fayol (1841-1925) is rightly treated as the father of modern theory of general and industrial management. The credit of suggesting the basic principles of management in an orderly manner goes to him. He wrote a book entitled, *General and Industrial Management*, in French that was later on translated into English.
- It is now considered as one of the classics of management literature. The book mainly covers the aspects of the immutable and repetitive character of the management process and the concept that management can be taught in the classroom or the workplace. He also laid down the principles of management, which he deemed important for any organization.

H. Fayol (Father of Modern Management):

He can be rightly considered the father of modern theory of general and industrial management. Henri Fayol analysed the process of management as he had observed it first-hand.

He divided general and industrial management into six groups:

- (1) Technical activities (production, manufacture, adaptation)
- (2) Commercial activities (buying, selling and exchange).
- (3) Financial activities (search for and optimum use of capital).
- (4) Security activities (protection of property and persons).
- (5) Accounting activities (stock-taking, balance sheet, cost, statistics).
- (6) Managerial activities (planning, organisation, command, co-ordination and control).

Principles of fayol

- **1.Division of Work:** This is the principle of specialization, which is very well expressed by economists as being a necessary factor for efficiency in the utilization of labor.
- **2.Authority and Responsibility:** In this principle, Fayol conceives authority as a combination of official authority deriving from a manager's official position and personal authority, which is compounded of intelligence, experience, moral worth, past services, etc.
- **3.Discipline:** Holding the notion that discipline is 'respect for agreements which are directed as achieving obedience, application, energy and the outward marks of respect', Fayol declares that discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties.
- **4.Unit of Command:** This is the principle, which states that an employee should receive orders from one superior only.

5.Unity of Direction: According to Fayol, the unity of direction principle implies that each group of activities having some objectives must have one head and one plan. As distinguished from the principle of unity of command, Fayol perceives unity of direction as related to the functioning of personnel.

6.Subordination of Individual Interest to General Interest: In any group, the interest of the group should supersede that of the individual. When the interests differ, it is the function of the management to reconcile them.

7.Remuneration of Personnel: Fayol perceives that remuneration and methods of payment should be fair and also should be able to afford the maximum satisfaction to employee and employer.

8.Centralization: Although Fayol does not use the term, Centralization of Authority, his principle definitely refers to the extent to which authority is concentrated or dispersed in an enterprise. Individual circumstances determine the degree of centralization that gives the best overall yields.

9.Scalar Chain: Fayol thinks of the scalar chain as a line of authority, a chain of superiors from the highest to the lowest ranks. And, because it is an error of a subordinate to depart needlessly from the lines of authority, the chain should be short-circuited.

- **10.Order:** Breaking this principle into material order and social order, Fayol thinks of it as a simple edge for everything. This organization is the principle, which refers to the arrangement of things and persons in an organization.
- **11.Equity:** Fayol perceives this principle as one of eliciting loyalty and devotion from personnel with a combination of kindness and justice in managers while dealing with subordinates.
- **12.Stability of Tenure of Personnel:** Finding that instability is both the cause and effect of bad management, Fayol points out the dangers and costs of unnecessary turnover.
- **13.Initiative:** Initiative is conceived as the process of thinking out and executing a plan. Since it is one of the keenest satisfactions for an intelligent man to experience, Fayol exhorts managers to sacrifice personal vanity in order to permit subordinates to exercise it.
- **14.Esprit de corps:** This principle implies that union is strength and an extension of the principle of unity of command. Fall here emphasizes the need for teamwork and the importance of communication in obtaining it.

What is Human Relations Theory?

- The immediate period after World War Two saw a different approach in organisational studies.
- Until that time, there was only talk of Scientific Management, which mainly focused on productivity, efficient division of labour and workers as an extension of machinery.
- ***1950 saw a change to this discourse with the introduction of the Human Relations Theory. This movement saw workers in a different light; they were now seen as thinking beings with needs, who liked to receive attention. Companies realised that attention motivated employees and even allowed them to get more out of themselves for the benefit of the organisation.***



- Elton Mayo is considered the founder of the Human Relations Theory.
- Prior to this trend, Elton Mayo already started an experiment in the Hawthorne plants in 1924; the Hawthorne experiment. There was a great deal of discontent among the 30,000 workers in the Hawthorne plants in Chicago in the early twenties of the last century. This was somewhat peculiar, because this phone parts plant already acted extremely progressively towards its workers (through pensions and sickness benefits), something which was almost unthinkable in this period.
- Elton Mayo and his assistants, including Fritz Roetlishberger, conducted research into changing working conditions.
- They experimented with light, duration of breaks and working hours. A group of women were exposed to either more or less light. It turned out that, regardless of the amount and duration of lighting, this had a positive effect on their performances. The same was true for rest periods; shorter or longer breaks both led to an increase in labour productivity.

What is the Hawthorne Experiment?



Personal Attention

- The conclusion drawn from the Hawthorne research was that giving attention to employees resulted in improved performances.
- The group of workers who were involved in the search felt their voices heard and experienced a feeling of greater personal freedom. The workers were pleased that their assistance was requested, which they believed led to their higher job performances.
- Elton Mayo concluded that the needs of workers were often based on sentiment (belonging to a group and thus having a sense of value) and that this could lead to conflicts with managers, who mainly focused on cost reduction and efficiency.
- And thus he came to the following final conclusions:
 - Individual employees must be seen as members of a group;
 - Salary and good working conditions are less important for employees and a sense of belonging to a group;
 - Informal groups in the workplace have a strong influence on the behaviour of employees in said group;
 - Managers must take social needs, such as belonging to an (informal) group, seriously.

Human Relations Theory : Labour Motivation

- In the era of the Human Relations Theory, the concept of 'labour motivation' is given a new meaning compared to the Scientific Management era.
- The fact that personal attention led to improved performances was a completely new perspective.
- The term workers is gradually replaced with employee, which more explicitly implies that these people are thinking people who can positively contribute to the organisation.
- **Characteristics**
- Starting in the 1950s, a definitive different approach to management emerges. Employee behaviour is placed centrally and the Human Relations theory places strong emphasis on the fact that organisations consist of groups of people. Human Relations supporters thus replace the mechanistic perspective on management with a people-oriented perspective. Every person is unique and therefore unpredictable. Their behaviour is complex and to fully understand them it is important to recognise their personal motivations.

Human Relations Theory : Soft side

- The way employees think and act at work is not only influenced by rules, procedures and requirements imposed by management.
- Attention, respect, interest shown and social/ interpersonal relationships are just as important. These kind of human interactions trigger an emotional sense in employees, which is often referred to as a person's soft side. This soft side consists of emotional or irrational logic and can strengthen rational logic, but at the same time also weaken or eliminate it. Rational logic focuses on production and effectiveness, and both can thus diametrically be opposed to each other, which in turn leads to internal conflicts and dilemmas.
- **Complex humanity**
- The complexity of human behaviour increases even more if an employee indicates his desires and knows when he will make certain decisions. From a behavioural perspective, employees can also decide what behaviour they prefer and how this behaviour manifests itself. As a result, there is no single pattern that can automatically be associated with a specific situation.
- Every person is very much different in terms of character and behaviour. Everyone has different values, standards and desires, which results in demonstrably different behaviour. This complex humanity is an important factor in guiding employees. It is therefore the task of managers to identify the individual needs of employees and act accordingly. This is the essence of the Human Relations Theory.

Features of Elton Mayo's Human Relations Approach

- The main features of the Human Relations Approach to management are the following:
- (a) Since management is getting things done through and with people, a manager must have a basic understanding of human behaviour in all respects—particularly in the context of work groups and organisations.
- (b) The managers must study the inter-personal relations among the people at work.
- (c) Larger production and higher motivation can be achieved only through good human relation.
- (d) The study of management must draw the concepts and principles of various behavioural sciences like Psychology and Sociology.

Contribution of Elton Mayo to Management Thought:

- George Elton Mayo (1880-1949) was a professor at the Harvard Business School. He published the books —‘Human Problems of an Industrial Civilisation’ (1933)
- ‘Social problems of an Industrial Civilisation’ (1945), ‘Training for Human Relations’ (1949) etc. He conducted the famous ‘Hawthorne Experiments’ at the Hawthorne plant of the Western Electric company in the USA during 1927-32 with his associates.
- These experiments are described below:
 - 1. Illumination Experiments:
- From these experiments, it was revealed that productivity could be increased not only by improving the working environment, but also through in-formal social relations among the members of the working group.



2. Relay Assembly Test Room Experiment:

- In this experiment a small homogeneous working group was constituted. Several new elements were introduced in the work environment such as—shorter working hours, proper rest periods, improved physical conditions, friendly supervision, free social interaction among the group members, and so on.
- During the period of the experiment, productivity and morale increased. Productivity and morale were maintained even if the improvements in the working conditions were withdrawn. The researchers concluded that socio-psychological factors such as the feelings of being important, recognition, participation, informal work group, non-directive supervision etc. held the key for higher productivity.



- 3. Mass Interviewing Programme:
 - A large number of workers were interviewed to know their perceptions and orientation on the working life. The results again confirmed the importance of informal relation, social and psychological needs and their impact on the behaviour of the workers.
- 4. Bank Wiring Observation Room Experiment:
 - A group of 14 workers was observed with regard to their work behaviour. The observation revealed the informal production norms set by the workers and the existence of informal relations in the group.

The conclusions of the Hawthorne Experiments are pointed out below:

- (i) A factory is not only a techno-economic unit but a psycho-social organisation also.
- (ii) The workers spontaneously form small informal groups. The norms and values of such groups have significant influence on the behaviour and performance of the workers.
- (iii) Physical conditions of work have some influence on the workers' morale and productivity. But their inter-personal relations, attitude of the supervisors and other social and psychological factors have a far greater influence.
- (iv) Usually, the workers act or re-act not as individuals but as the members of a group.
- (v) The workers are not mere economic men motivated by money alone. They respond to the total work situation including recognition, participation etc.
- (vi) The informal leaders play an important role in setting and enforcing group norms.
- (vii) The managers must understand and recognise the inter-personal and group relations on the job.