

# Principles of Management

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# Chapter 2: History of Management

Management has developed since the time immemorial or since the world came into existence.

No endeavor could be started, run and completed without management.

Whenever group efforts were necessary to achieve anything, there had been a need for management.

An individual could not achieve anything single handedly.

In India, our Vedas, Rishis, Kautilya and Saint Thiruvalluvar were the pioneering contributors to the origin of management thought of their time.

- Though businesses were conducted for a long period of time, there was hardly any systematic approach.
- Brand visibility was missing.
- The working was not structured.
- The industry was mainly need based, dependent on craft of individuals.

# Industrial Revolution:

During the span of 100 years from year 1750 to 1850, scientists' performance was significant. They created new techniques. New machine age started

- Steam power and electricity was brought into force instead of man power and animal power.
- Cottage industries were replaced by city industries.
- Production began to take place on large scale and also at great speed
- Human life changed almost from all angles.



In the late 1920s the great economic depression occurred in USA leading to a major national calamity.

Collectively, people fought back working hard to turn around the economy from a deficit state to a surplus one.

The result was the advent of the second industrial revolution

With abundance, came wastage and lack of discipline of production and consumption.

Observers and researchers studied the importance of systematic approach of running organizations.

The result was the scientific management movement led by the work of F.W.Taylor, the father of scientific management.

The contributors who came after him made major contributions to teach organizations to run themselves scientifically.

# HENRI FAYOL



Henri Fayol classified all the business activities into six functions:

1. Technical activities relating to production
2. Commercial activities relating to purchase of basic raw materials and other resources, selling of products and exchange

Henri Fayol classified all the business activities into six functions:

3. Financial activities relating to identification and utilization of available funds

4. Security activities relating to the steps taken to protect the property of enterprise and persons

Henri Fayol classified all the business activities into six functions:

5. Accounting activities relating to the recording and maintaining accounts, stock taking, and preparation of cost sheets, balance sheets and statistical data

Henri Fayol classified all the business activities into six functions:

6. Managerial activities relating to planning, organizing, commanding, coordinating and controlling



Henry Fayol identified qualities of a manager as follows:

Physical: (health, vigor and address)

Mental: (ability to understand and learn, judgment, mental vigor, adaptability)

Moral: (energy, firmness, willingness to accept responsibility, initiative, loyalty, tact and dignity)

Henry Fayol identified qualities of a manager as follows:

General education (acquaintance with matters not belonging exclusively to the function performed)

Special knowledge (peculiar to the function, be it technical, commercial, financial, managerial etc.)

Experience

# Principles of Management set forth by Henri Fayol:

- Division of work
- Authority and responsibility
  - Discipline
- Unity of command
- Unity of direction

# Principles of Management set forth by Henri Fayol:

- Subordination of individual interest to group interest
  - Remuneration of personnel
- Centralization or decentralization of authority
  - Scalar chain

# Principles of Management set forth by Henri Fayol:

- The principle of right place for everything and for everyone
- combination of fairness, kindness and justice
- Stability of tenure of personnel:  
Security of job

# Principles of Management set forth by Henri Fayol:

- Initiative
  - All the employees of the organization are put together as a team in order to achieve the objectives of the organization. The management should not follow the policy of divide and rule.

# F.W.TAYLOR



# Importance of learning scientific management led by the work of F.W.Taylor

- It is systematic approach of achieving goals through checks and controls.
- It facilitates focused, balanced approach in running businesses.



# Importance of learning scientific management led by the work of F.W.Taylor

- The individual thinking and problem solving processes are enhanced.
- It facilitates conversion of chaos into clarity.
- On the personal front, it reduces stress and promotes self-growth.

Scientific Management consists of a certain philosophy of:

- Scientific selection and training of right workers for the right job
- Providing adequate working conditions such as lighting, ventilation, drinking water, canteen, sanitation, rest rooms, rest periods

# Scientific Management consists of a certain philosophy of:

- Providing a system of monetary incentives to efficient workers
- Assumption of responsibilities by managers and supervisors.

F.W.Taylor defined scientific management as:

“Substitution of exact scientific investigations and knowledge for old judgment or opinion in all matters of work done”.

F.W.Taylor firmly believed that objective of management should be:

- Maximum prosperity for the employer: lower costs and high returns
- Maximum prosperity for each employee: fair as well as higher wages

# Principles of scientific management:

## A. Science-not rule of thumb

- Replacement of old method by doing work scientifically
- Fair work to each worker
- Standardization in work
- Differential piece rate of payment system

# Principles of scientific management:

## B. Harmony in group action

- Peace and friendship
- Dissatisfaction to be avoided

# Principles of scientific management:

C. Cooperation between management and workers and vice versa

D. Maximum output

- by division of work
- by assumption of responsibility jointly by management and workers



# Principles of scientific management:

## E. Improvement of workers

- Scientific selection of workers: finding out physical, educational and psychological requirements of each job and find suitable persons for each job
- Workers are provided with job training.

# Features of scientific management:

- Separation of planning from executive function
- Scientific task setting
- Functional foremanship

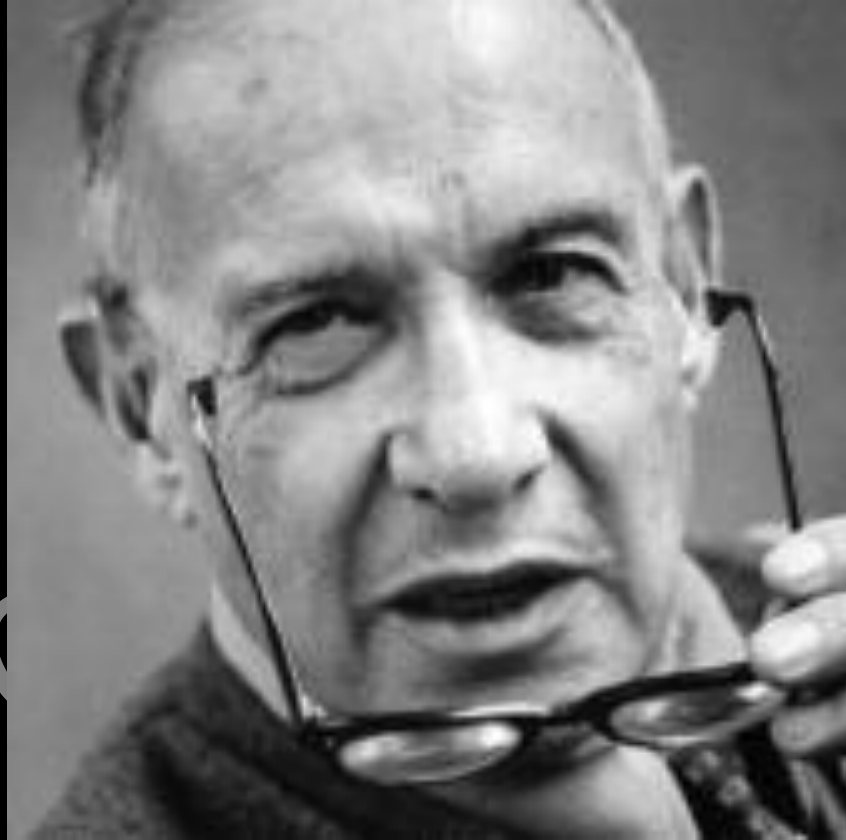
# Features of scientific management:

- Work study
- Methods study
- Motion study
- Time study
- Fatigue study

# Features of scientific management:

- Rate setting
- Standardization
- Scientific selection and training
- Financial incentives
- Mental revolution
- Eliminate wastage by maximum utilization of resources

# Peter F. Drucker



Drucker coined the term “knowledge worker” and later in his life considered knowledge worker productivity to be the next frontier of management

# Contributions of Peter F. Drucker:

## Nature of Management:

- No bureaucratic management
- Emphasized management with creative and innovative characteristics

# Contributions of Peter F. Drucker:

- Basic objective of management : innovation. (development of new ideas, combination of old and new ideas, adaption of ideas from other fields, to encourage others to carry out innovation)
- He treated management as a discipline as well as a profession.



## Contributions of Peter F. Drucker:

A manager has to determine the objectives and activities, and is concerned with the direction and controlling of the activities, to make contributions for the specific purpose and mission of the institution whether business, hospital or university.

# Contributions of Peter F. Drucker:

## Organization structure:

An effective organization structure is framed in such a way that it enables smooth performance. It contains minimum number of managerial levels. It provides a chance to test the ability of young people who are accepting the responsibility.

# Contributions of Peter F. Drucker:

## Centralized control with a structure of decentralization:

Similar to the Federal structure of government, the top management has more powers than various departments. But the decisions regarding the departments have to be taken by both of them. Departments are allowed to take decisions within the limits set up by the top management.

# Contributions of Peter F. Drucker:

## Management by objectives: (MBO)

Drucker introduced this concept in 1954. Method of planning, setting standards, performance appraisal and motivation are the components of MBO. It gives importance to self control rather than control made by others.

# Contributions of Peter F. Drucker:

- Drucker visualized rapid changes in society due to rapid technological development.
- He realized impact of such changes on human life. He stressed that human beings should develop an attitude to face the changes by developing dynamic organizations, by absorbing rapid changes.

# Frank B. Gilbreth and Mrs. Lillian Gilbreth



Frank Gilbreth gave importance to  
time study and motion study

he was more concerned with finding out  
the best way to do a job rather than time  
required to do a job. He stressed minimum  
motions and avoidance of unnecessary  
motions to discover the best way of doing  
a job

He identified 18 basic elements in all work through analysis of several methods at work by using flow process charts. He called these elements as **THERBLIGS.**

Search, select, grasp, transport empty, transport loaded, hold, release load, position, pre-position, inspect, assemble, disassemble, use, wait unavoidable, avoidable delay, plan, rest for overcoming fatigue, find

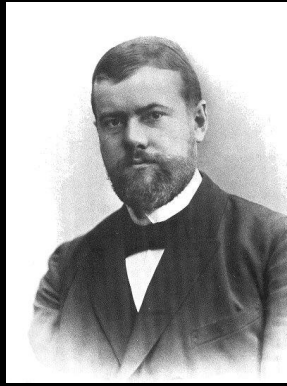


Mrs. Lillian preached the message of her husband after his death.

She was a psychologist and had a thorough knowledge of human relations.

She got doctorate degree for her work “The psychology of Management”.

She was awarded the degree of “The first ambassador of management” in 1960.



Max Weber

- He framed rigid rules to eliminate managerial inconsistencies which lead to ineffectiveness.
- He emphasized strict adherence of rules and regulations in an organization.
- This form of organization is called as bureaucracy
- He said that bureaucracy is the best form of organization and is suitable for any nature of business because it creates scope for proper channelization of human energy and mechanical energy.



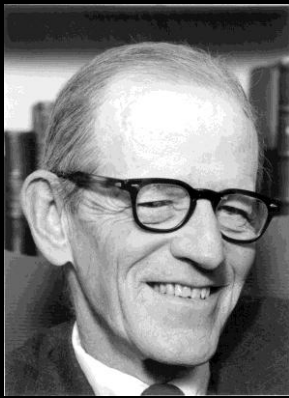
Mary Parker Follett

- Conflict: She rejected domination and compromise ways of removing conflict. Under integration, the wishes of both parties are integrated. So both parties would be satisfied without sacrificing their desires.
- A smooth employer and employee relationship based on cooperation is the foundation of good industrial organization.
- Leadership: Leaders are not only born but also could be made through proper training in human behavior. She did not believe in dominating leadership.



Henry L. Gantt

- He understood the importance of trade union and introduced a new incentive wage plan, Gantt task and bonus plan
- Gantt was the founder of a new movement known as “the new machine”. It avoids the exercise of power and advocated harmonious relationship between employers and employees.
- Gantt is popularly known by his Gantt chart, referred to the progress of work
- Gantt considered the psychological and social needs of workers



## George Elton Mayo

- He was the first person to look into the matter of human relations emphasizing the importance of desires, attitudes, and feeling of the workers.
- He along with his colleagues conducted Hawthorne experiments, an important landmark in the history of the human relations movement.

# Hawthorne Experiments

Hawthorne experiments were conducted at the Hawthorne plant of the Western Electric Company in Chicago from 1924-1932, by Elton Mayo and his colleagues and were published in six volumes viz.:

- The human problems of industrial civilization
- The social problems of industrial civilization
  - The industrial worker
- Leadership in a free society
  - Management and worker
  - Management and morale

Elton Mayo and his colleagues conducted researches in four phases:

- Illumination experiments
- Relay assembly test room experiment
- Mass interviewing program
- Bank wiring observation room experiments

## Findings of Hawthorne Experiments:

- Social factors are responsible for deciding the level of output
- Group behavior can influence the individual behavior
- Production level is determined by social norms, not by physiological capacities. There is no direct relationship between production level and working conditions



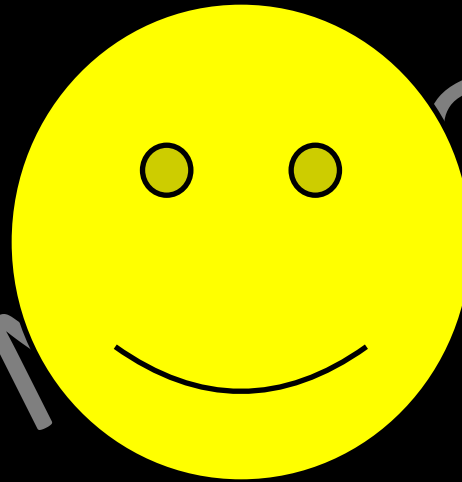
## Findings of Hawthorne Experiments:

- Workers are not motivated merely by money.
- The conflict arises since the objectives of management differ from objectives of the workers “Informal” group.
- Leadership is important for directing group behavior. A superior is accepted as a leader if his style is in accordance with human relations approach, and his identification with group objectives.

## Findings of Hawthorne Experiments:

- The friendliness and genuineness of the supervisor helps to maintain productivity.
- Communication is an important part of organization.
- Complaints and criticism by workers are symptoms of deeper satisfaction

# THANK YOU



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