

Public Organization and Management
Dr. Vaneet Kashyap
Department of Humanities and Social Sciences
Indian Institute of Technology Tirupati

Lecture - 07
Approaches to the Field of Management – II

Hello, dear learners. Let's continue our discussion on the contributions by Henri Fayol, a French industrialist who propounded 14 principles of management to achieve efficiency. Let's discuss these 14 principles of management proposed by Henri Fayol. And you will see the application of some of these principles are very much prevalent in the organization, more specifically public organizations. The first principle, division of work. Now, idea is to assign tasks to individual specialist.

Now, the intention here is to producing more work with same amount of effort required. Now, Fayol was of the view that the heightened expertise because of the specialization will lead to increase in people's productivity. Why? Because these workers then need not to juggle between various activities which are not in their specialization from one activity to another. Since they need not to go from one activity to another because they are specialized or they are attached to one particular unit, it will increase their productivity and they can actually work faster.

So, idea is to assign task based on the specialization. Number two, authority, which is defined as right to give orders and power to exact obedience. Now two different kind of authority Taylor, sorry Fayol talked about, formal authority and personal authority. The meaning of formal authority is that the authority is vested upon the people depending upon the position that they are holding in the organization. So, you are getting formal authority by the virtue of your position in the organization.

Personal authority on the other hand is a result of person's knowledge, experience, leadership ability, and ability to build relations. Now, Fayol is of the view that effective managers they actually make use of these both authorities complementarily. So, one authority will be complementary to another. So, combination of these two authorities will make managers more effective. Right, because you are dealing with different set of people with the different you know individuals personalities, attitudes and behaviours so you need to deal with people depending upon who they are, with some you have to make use of your formal authority, with others you will have to make use of personal authority, so combination of these two when used in complementary to each other it will actually enhance the effectiveness of the managerial role.

Third principle is discipline, which means respect and obedience between a firm and its employees. And Fayol was of the view, it is vital that discipline is maintained in the organization for the smooth functioning of the organization. Now, how you will achieve discipline in the organization? First is we have to put knowledgeable managers into all different levels of authority into the organization. You should place people who are having knowledge at the different levels of authority in the organization. Another thing is workplace agreement which are both satisfactory to the organizations and its members talking about managers and employees and they should be satisfactory with the agreement they have with each other in terms of the work expectation, in terms of what the organization can provide it to them, in terms of behaviour of employees, in terms of performance, so many things.

So, this workplace agreement should be such that they are satisfactory to both managers and employees. Then only we can actually ensure discipline in the organization. Principle 4 is about unity of command. It talked about that for any action, an employee should receive orders from only one supervisor. Now if there is a dual command or the person is receiving commands from different supervisor, what can happen? It can lead to instability and it is also threat to discipline and authority.

So, it is important that unity of command is maintained. Another principle is unity of direction, which means one head, one plan for the group activities having same objectives. See, when you have multiple plans, what will happen? It will confuse the workers who are working under your guidance. So you should focus on only one plan so that we can actually ensure unity of action. So, one plan, one head is essential and this unity of direction is essential to achieve unity of actions.

Because remember the coordination become easy when there is a single plan. And when the people are aligned to the overall objective which is one common plan followed, the better outcomes will be guaranteed. The achievement would be much much better. The next is subordination of individual interest to the common good. Now it means that the interest of the individuals and groups should be taken aback and the organizations and the general interest should always be of focus.

When the individuals and group interest, they take priority, it will lead to the conflicts in the organizations. And it will not be good for organization and the employees in the organization. Now, sometime what happen is, because of selfishness and the ego issues and the behavioral issues, people indulge into this, their, you know interest become more important and because they will emphasize on their own goals which will be detrimental for the other colleagues in the organization. So what happen is in this case it is required that the general interest or the organizational interest should be of focus rather than individual and groups interest because it is better for the employees and the organization in general. Principle 7 is about remuneration.

Now remuneration paid to employee in return of the services they are rendering to the organization in the form of pay, bonus or profit sharing, it should follow the fair processes and also should motivate the people by rewarding successful performance. Another very important aspect to this remuneration, Fayol is of the view that the organization should avoid overpaying workers because it is a factor of you know which can lead to dissatisfaction so even if you are trying to overpay and how many times you can keep on increasing somebody's pay it will lead to dissatisfaction so you have to pay people what is apt required to actually motivate people to perform in the organization. Another very important function by Fayol centralization Now, according to Fayol's view, centralization is always present in the greater or lesser degree and it follows the natural order. I would like to explain it with the help of an example. Let's do two cases of the organization, one being a smaller organization, another is a bigger organization.

Now, when we talk about a smaller organization, in this organization, the managers, they actually communicate with their employees directly. I am talking about subordinate communication. So, there is no levels in between. So, managers are communicating with the subordinates, there is a direct communication. This is the classic case of centralization.

Controlled communication by the top in the organization, right. Consider the other organization, a bigger organization which has a longer scalar chain. What does it mean? The manager at the top, then there will be layers before the message passed on to the subordinates. Because it's a long-scaler chain, it's a bigger organization. Now what happens is when the message gets communicated from the levels here, there is a leeway for these intermediaries to attach some portion of their into the message of communication and of course you know achieving the order it's very very important to look into this, now in this case what appropriate share of initiative left you know in terms of passing the information will depend upon the intermediaries, will depend upon the manager subordinates and the business condition So, this kind of case, when we say that the control is lying at the one particular central authority, power is controlled at the center, it is a case of centralization.

When it is distributed at the lower levels, we can say it is more of a case of decentralization. Then comes another principle of scalar chain. I've just talked about the scalar chain. I'll explain it what is the meaning. The scalar chain is the chain of superiors ranging from the ultimate authority to the lowest rank.

That's what just I've explained with the help of this particular diagram here. They also change shows the line of authority that who is authorized to do what, how the communication links flows from top to bottom, how the communication takes place from the higher levels in the organization to the lower levels and how it will then go back from the lower levels to the higher levels. So this is very important. Then comes the order.

Two different kinds of order has been discussed - material order and the social order. Now, when we talk about the material order, the idea is to avoid wasting resources and there should be place for everything and everything is in place. Now, whatever is required in terms of resources, this will be optimally used in terms of the how the various things will be placed in the organization, so that we avoid the wasting of resources, optimal utilization of resources. Social order on the other hand, it talks about the people. Right man at the right place. Now, what it requires to take care of social orders? Good selection.

Needs to balance firm's HR requirement with the available resources. Now, if you are also talking about that the people should be selected based on their competence, their merit, not in terms of nepotism and favoritism. Because when we indulge into the practices like favoritism and nepotism, it leads to the situation which is the enemy of social order for the organization. So, we are actually compromising with the effectiveness and efficiency of the organization. Then comes the equity, very important.

And when we talk about the concept of motivation in times to come, I will tell you how this perception of equity amongst the people in the organization is very, very important in today's context also. And it will lead to the behavioral outcomes which can put the organization into problems. Now what is this equity? It means combination of kindness and justice while we interact with our employees and how we distribute the rewards for the performance in the organization. So the principle of equity is to be taken care of. Equity also provide a basis for dealing with employees and of course instilling loyalty and devotions.

Now if the workers in the organization feels that the equity is taken care of, they are being treated with equity, there is difference between equity and equality. Equity means depending upon your performance, depending upon how you are putting in the efforts, you are being rewarded. When the perception of equity prevails in the organization, it leads to the sense of loyalty and devotions by the employees in the organization. Then stability of tenure. It talks about the provision of orderly human resource staffing and ensuring that the firm employees possesses requisite skills to perform work.

Now, it is a lengthy process which needs a lot of time. You know, people take their own time to get trained, to you know attain new set of skills which are required to perform in the organization and if the organization are doing good for the organizational members so these people they reciprocate with staying more in the organization and we need to as an organization ensure that we have continuous supply of these people for longer duration because if people leave and they'll take the knowledge and expertise with them, there's a cost attached to it, we have to again recruit people, train people and it will take time to again build that kind of a workforce. So, stability of tenure is very very important to

ensure that the organization's objectives are not suffering because of lack of availability of human resources. Then is initiative. Freedom to propose and execute ideas.

The creation of environment in the organization in such a way that the workers and the employees in the organization, they are given enough opportunities to propose ideas and implement ideas. It's a most powerful motivator or I will say stimulant of the human endeavour, and of course it is related to the subordinate satisfaction. So how much initiatives they can take, how they are contributing and how their initiatives are valued, it's very very much important for these people and it leads to their satisfaction. Last is about esprit de corps. This jargon is about maintenance of harmony and unity within the firm, harmonious relationship between employees, union is strength.

Now, it also lead to the aspect of team working in the organization but managers have to do it carefully in the sense that whenever you are trying to you know give the performance reward to the meritorious performance it should be done without any kind of jealousy in the sense that people should not have any kind of problems with other people getting the merit performance it has to be done in a way that it is a motivating factor for other people to actually enhance their performance further. So that there is a harmony maintained between the employees in the organizations. So it's very very important in terms of. Now you see that the discussion on the 14 management principles that we have just discussed. It also provide lot of insights on how management practice is also practiced in today's organization.

For example, these days we talk about the retention of employee in the organization, very very important. Human resource people are considered to be assets of the organization. It is directly related to the stability of tenure of people in the organization. So it is important that we invest in these resources to get maximum output from these people. Esprit de corps related to teamwork, most of the organizations are becoming more team-based structures, right? So, this aspect of harmony between the team, cohesion between the team, it's important, you know, for the important outcomes for the organization.

Equity is another important aspect. The perception of inequity can lead to dissatisfaction among employees. So, these principles which were profound by Henri Fayol, they were in use, they are in use still in the organizations. But I'm not saying all will be applicable in all the situation. So depending upon situation, some of them will not be applicable, some of them will find some kind of application in the organization. Largely in the public sector organization, if you look at discipline in terms of rules, regulation, authority, you know, in terms of getting the approvals from the organization, it is very much more prevalent in the public sector organization.

Unity of command, you will see, right? So all these things are important in the context of different kind of organizational context and applicability of this principle in the different

contextual settings. Let us now discuss the contribution of Max Weber, a very renowned management thinker, known for the contribution towards the bureaucracy. Max Weber was a German sociologist, very profound and of course known for his management thinking in terms of bureaucracy in the early decades of the 20th century. So, contribution to the management thoughts by Max Weber into these categories of distinction between power and authority. He talked about different types of authority and of course the classification of the organization based on different types of authority.

Now, according to Weber, Weber actually talked about the characteristics of the bureaucratic form of organization. And they say that these category of the organizations are relatively different kind of organization and actually they are the type of organizations which are required to be in society for the desirable. you know the outcomes right the one form of you know the organization as bureaucracy is basically a desirable form in the society, right and in terms of if you look at such organization you know they focus on legal and rational forms of authority which is way different from the authority which is completely based on you know tradition or charisma so rational means logic and legal forms of authority is much more you know prevalent. So, according to Weber, you know, the bureaucratic form of organization, they are distinct organization with what the specification which is more legalistic and there are authorities and of course, obligations of the office, right? Now, power and authority, if you look at, they say that enforced decision versus the obedience to, you know, command of an individual. So, ultimately, in this case, they talked about, you know, the rules and regulations and, you know, complete formation of the hierarchy so that the control mechanism is there and then, you know, the command, somebody in command has to control the activities of the organization and, you know, the activities of the organization, subordinates in the organization they have to be taken care of by the superior side, now three different kinds of authority he talked about, traditional, charismatic and legal.

I've just talked about the they largely focused on the legal authority legal and rational forms of authority which has to be way away from traditional and charismatic so people should be getting into positions because of rational and legal authority rather than you know giving them positions based on their birth right, right? They should not be you know consider you know for the positions of leadership because of you know their charisma or you know because they are you know influential people or they are belonging to the influential you know the families you know in by the virtue of you know the birth right, right? so legal and the rational forms of the authority that's what they say that is the bureaucratic you know the character of the organization now in this case they say that that you know if the authority is based on traditional and charismatic you know aspects this type of organization is mostly categorized as patrimonial bureaucracy and if it is more of free legal and rational authority they are legal and rational bureaucracy. Now, according to Weber, this is what legal and rational

bureaucracy also known as the Weberian model of bureaucracy or modern bureaucracy. Let us now look at the characteristics of the bureaucracy as discussed by Weber. Now, we were focused on the formal selection. Say that there should be a selection and promotion which is completely based on the merit.

It should not be based on the charisma or influence or people taking position depending upon belonging to a certain group, influential group. So, complete the career advancement and the selection should be completely on the basis of the merit. Division of labour in case of the character of bureaucracy talks about how the work is to be distributed. There should be fixed position and each person should be given duties to take care of their positions and they should be held responsible and accountable for their activities. Then is the aspect of impersonal order which means that uniformly the rules and regulations have procedures have to be implemented you know not focusing on the individuals right that's basically it should not have an individual focus right the implementation whatever are of rules and procedures should be uniform right across the individuals not the you know which is basically a character of impersonal order or we can say impersonality, right.

There should be hierarchy, hierarchy of authority, you know, there should be people present at the, you know, higher levels in the organization and the people at the lower level and the people at the lower level are to be, you know, in the command of the higher-level officials. The higher level officials are to, you know, direct the activities of these people and which involves supervision, control and the related things, right? Also, there should be formal rules. Then, of course, it talks about the written document. The documentation is very, very important. Administration position, in terms of selection, if you look at it, requires training.

People should work up to their maximum potential in their organizations. So according to rules, there are jurisdictional areas are also kind of fixed, you know, in terms of. So if these are the characteristics and if they are taken care of, that is what Weber talked about that will be, you know, the specific form of, you know, the bureaucracy, which is a desired form of, you know, organization in terms of the functioning, right? So we'll have more discussion on the, you know, the other management thinkers as we go forward with the discussion.