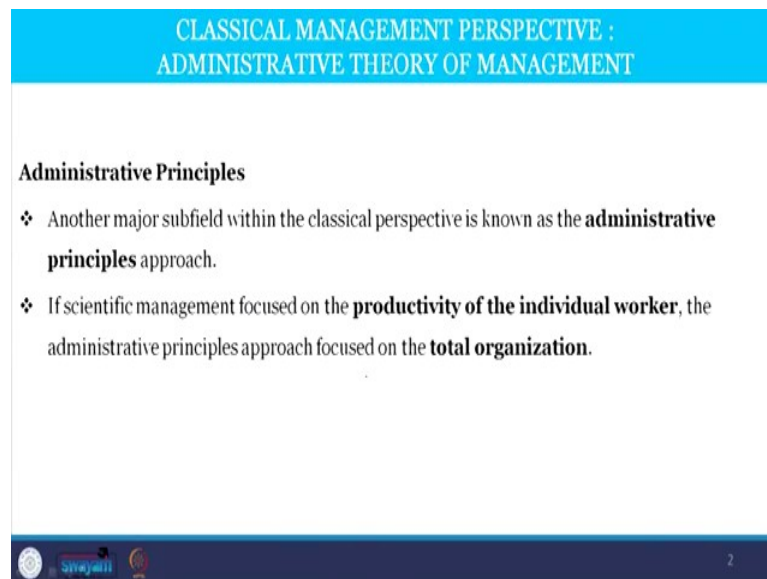**Principles of Management**
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Lecture – 07
Evolution of Management - III

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So, in the Evolution of Management part II, we will be discussing about administrative Principles of Management. Taking a cue from what we discussed earlier, another major subfield within the classical perspective is administrative principles approach. And scientific management focused on productivity of individual labour, individual worker and the administrative principle emphasized on the entire organization on the total organization.

Administrative principles of management proposed by Henri Fayol. He believed that, the practice of management was distinct from other organizational functions; he developed principles of management in his most significant work general and industrial management.

Fayol first developed four management functions of planning, organizing, directing and controlling. He also discussed 14 principles of management, several of which are still applicable in current in contemporary organizations.

So, he emphasized on division of work and said that specialization increases output by making employees more efficient.

What was proposed earlier by Frederick Taylor division of labour or job specialization is also carried forward by Henri Fayol. Fayol gave emphasis on authority; he said that managers must be able to give orders and authority gives them this right.

As discussed earlier, authority is the power which is given to an individual based on the positions in the organization. So, every manager must be able to give order and also exercise some authority and discipline. Employees must obey and respect the rules that govern the organization.

So, organizations have certain rules and regulations that help in maintaining discipline, which govern the organization, which helps in maintaining order within the organization. Unity of command, every employee should receive order from one supervisor; there should be one supervisor, there should be one boss for one supervisor.

Unity of direction, there should be one plan to lead an organization and should have a single plan of action to guide managers and workers, to guide all employees. Subordination of individual interest to the general interest; it emphasizes on the interest of any one employee or group of employee should not take precedence over the interest of the organization as a whole.

Subordination of individual interest to the general interest emphasizes on organizational goal is given more importance and individuals should subdue their personal interest. Remuneration, every employee who works should be given fair wage for in lieu of the contribution or in lieu of the service rendered by him or her.

Centralization, this term refers to degree to which subordinates are involved in decision making. Centralization also talks about the degree to which the power of decision making lies with the top management. The more power exercised by the top management, the organization is said to be highly centralized.

Lesser the power in the top; that means there is a shift of power or power to take decision, there is a shift in focus of decision making power to other managers in different hierarchical levels. So, there is less of decentralization.

Scalar chain, the continuous line of authority from top management to the lowest ranks in the scalar chain, to the lowest ranks in the authority in the hierarchy.

Order, people and material should be in the right place at the right time. So, in order to improve performance, there should be a proper order to be maintained in the organization; allocation of people, allocation of resources should be on the right place at the right time.

Equity, managers should be kind and fair; there should be fair and equitable equity to all within the organization, fair and equal treatment to all individuals in the organization, to all employees, to all the subordinates. Stability of tenure of personnel, individuals working in the organization should be working for a proper management and should provide orderly personnel planning and ensure the replacements are available to fill vacancies.

Stability, stability of tenure of individuals, individuals are hired for a tenure in the organization and there should be a proper manpower planning in the organization and repeated there should be replacement always available to fill the vacant positions. Initiative, employees who are allowed to originate and carry out plans will exert high levels of effort. Employees are given authority to take initiative and so that they can exert high levels of effort.

Esprit de corps, promoting team spirit to build harmony and unity within the organization. Esprit de corps emphasizes on teamwork or group dynamism; the concept of teamwork or coordination within the organization.

Application of administrative principles of management, several of the contemporary management practices are based on contributions of general administrative theory.

Fayol's 14 principles serve as a frame of reference for current management concepts, such as managerial authority, centralized or centralization or centralized decision making, reporting to one boss or unity of command. Stable simple organizations in the industrial revolution. In the industrial era, organizations were simple; because the business environment was stable, there was less of competition and monopoly of organizations.

However, there is a shift in the contemporary business environment. The business environment today is highly dynamic and complex with large number of competitors and the advent of information technology, the changing political economic scenario, the changing social demographic factors, legal factors which have added to the complexity of the business environment.

So, the organizations are now more dynamic, organizations are more responsive to the needs of the changing business environment. So, there is a change or organizations are moving towards or switching towards a different structure, switching towards different definition in a highly competitive and dynamic business environment.

The universal application of administrative principles is now not fit or unfit in many organizations. The administrative principles which were earlier relevant and earlier which were practiced in the industrial era have transformed in the contemporary business environment.
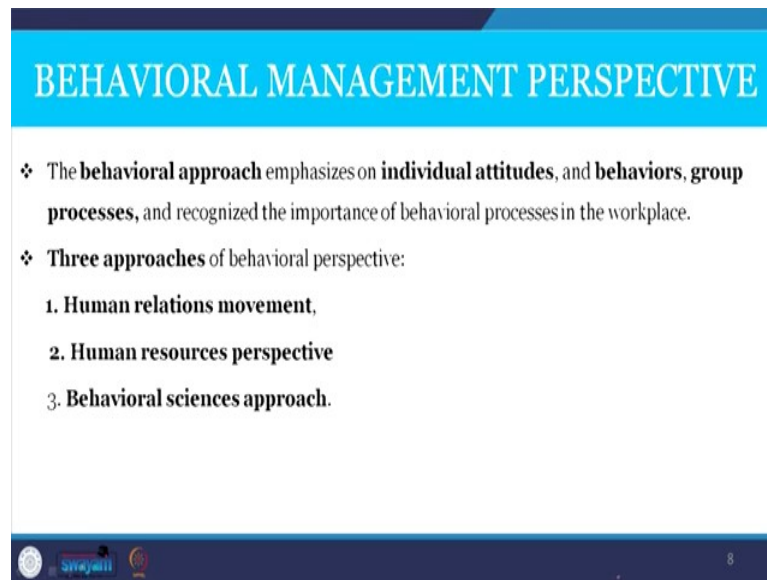
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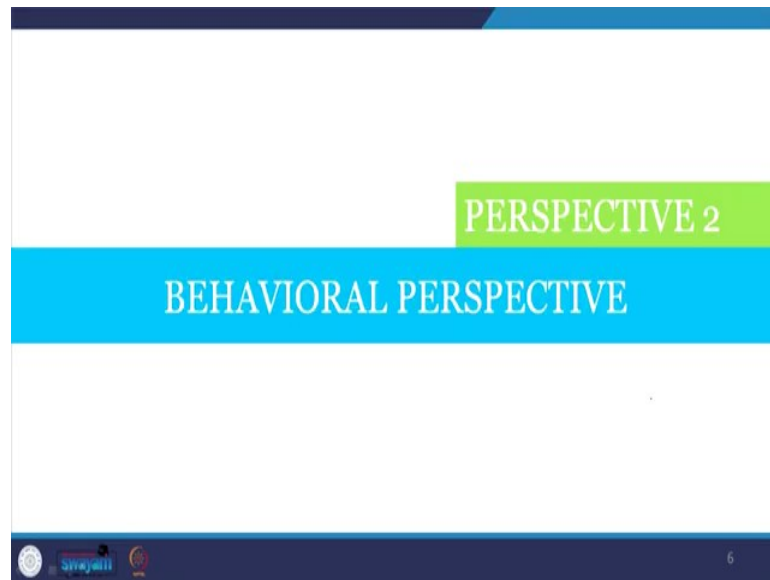
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Next, we will discuss about the behavioral perspective of management. The behavioral perspective highlights the human relations movement, human resource perspective and behavioral science approach.
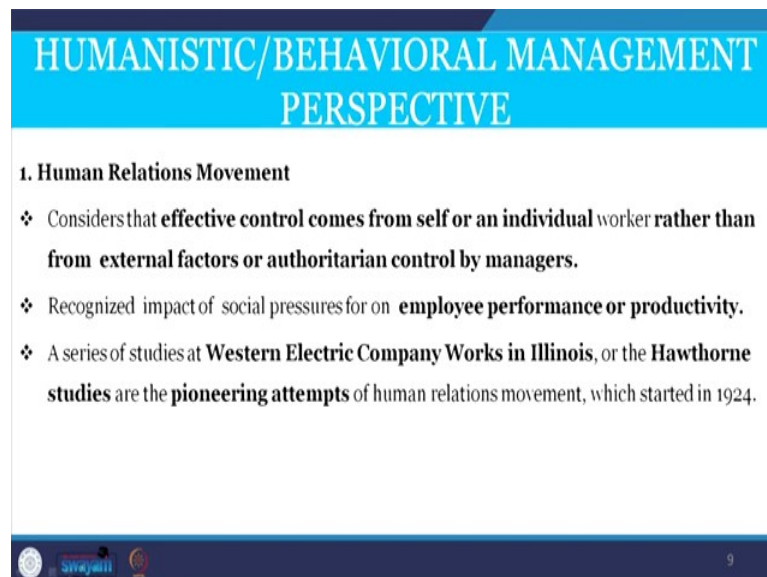
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The behavioral approach emphasizes on individual's attitude and behavior, group processes, and recognize the importance of behavioral processes in the workplace. There the three approaches of behavioral perspective are human relations movement, human resource management perspective, and behavioral science approach.

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Human relations movement considers that effective control comes from individual self worker himself, rather than from external control or external factors or authoritarian
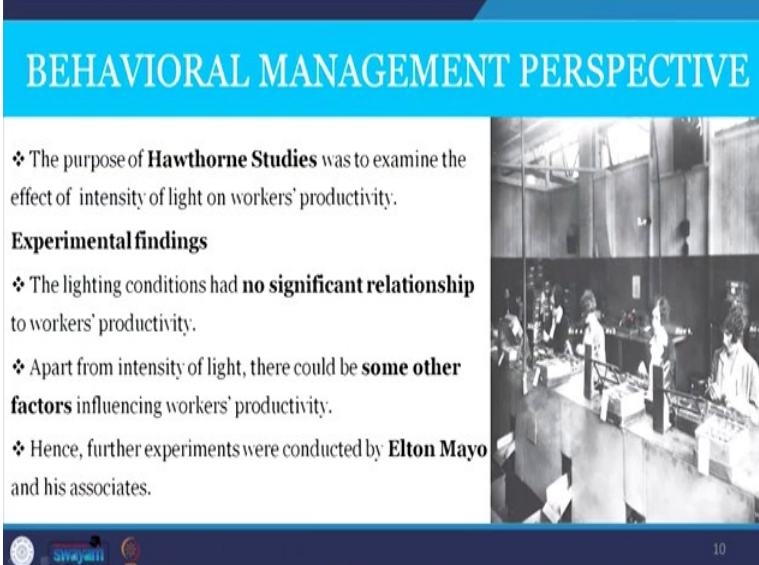
control by managers. So, it talks about that an individual can, the control is exercised by an individual can bring transformations can change his or her.

So, the individual controls, it considers the effective control comes from the self of an individual, rather than from the external factors. Recognize the importance of social pressures on employee performance. This theory also highlighted the impact of the social pressure, social pressure on employee performance.

The group's pressure or the influence of the society on employee performance. A series of studies have been carried out in the western electric company work in Illinois or otherwise called the Hawthorne studies are the pioneering attempts of human relations movement started in the year 1924.

The purpose of Hawthorne studies was to examine the effect of intensity of light on workers' productivity.

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Experimental findings have been, in the Hawthorne studies there was a series of experiments carried out on a group of workers, and the impact of light or the intensity of light was studied to see their effect on performance.
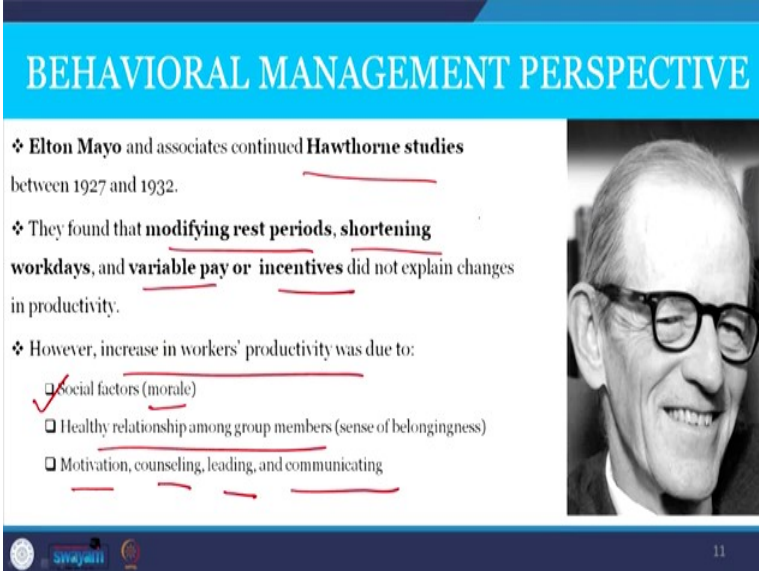
The and the major highlights of the experiments are lighting conditions had or the degree of or the shift in the intensity of light had no significant relationship to workers' productivity. The productivity, when the light intensity increased, the performance went

up; when there was no lighting, also the performance went up. So, they identified that lighting has the or they concluded that, lighting conditions had no impact significant relationship to workers' productivity.

Apart from intensity of light, there could be some other factor. So, which this theory proposed or they identified that, there are some external factors or other factors influencing workers' productivity; it is not the light but some other factors. Hence, further experiments were conducted by Elton Mayo and his associates.

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Elton Mayo and his associates continued the Hawthorne studies between 1927 and 1932.

They found that modifying rest periods; the concept of rest periods, shortening workdays, and variable pay, or incentive systems did not explain changes in productivity. They try to carry forward the experiment by increasing the rest period, shortening workdays, reducing the workday's, added variable pay or incentives on performance. So, they did not find any improvement in performance. So, they concluded that increase in productivity was due to some other factors which were like social factors.

The influence of the community or the society on employee morale, employees which created some kind of intrinsic motivation; the social factors or social pressure increase the level of satisfaction of employees. Healthy relationship among group of members;

the interpersonal interaction or the sense of belongingness to the group increased the performance of employees who are working.

Motivation, counseling, leading, and communicating these were the factors which influenced performance. So, Elton Mayo and his associates carried forward the Hawthorne studies, and in 1927 and 1932 they gave some kind of other treatments, apart from the lighting treatment which was proposed in the earlier studies in the Hawthorne experiments.

They gave, they tried to see the impact of rest periods, shortening workdays, variable pay or incentives and its impact on performance or productivity. And they found that, the factors which contributed to the productivity or workers' performance were the social factors, which increase their morale. Healthy relationships or sense of belongingness within the workplace; motivation, counseling, leading, and communicating had an impact on improving productivity.

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Conclusively Hawthorne studies highlight stimulated interest in looking at employees as assets. In the scientific management concept, workers or in the industrial revolution in the industrial age; workers were merely treated as cogs in the machine. Now, there is a different movement or there is a different dimension added to the employees' perception in the workplace. Employees are now treated as assets, rather than cogs in the machines.

Employees output increased, when they received a positive treatment. So, there is an emphasis on positive psychology, positive treatment from managers. If there is a positive treatment given to employees in the workplace; then they reciprocate with equal fervor and commitment. So, this started a revolution of worker treatment for improving organizational productivity.

The treatment given, the better treatment given to employees in the workplace by or say through interaction, trust or giving them a conducive workplace to work, or through counseling can increase their performance. So, they stimulated an interest in human behavior in organizations. Now, the focus has shifted from the scientific to human behavior approach in organizations.

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Human resource perspective; next we will discuss on the human resource perspective proposed by Abraham Maslow and Douglas McGregor. They emphasized on worker participation and considerate leadership. The workers' participation in the workplace and leadership; it is focused on the daily tasks that the employees perform, the workers perform.

Job should be meaningful, they also emphasized on meaningfulness of task. So, tasks should be so designed that they are not dehumanizing, rather allow workers to use their complete potential. So, now, the focus has shifted towards meaningfulness of task, tasks

should be enriching and which will help people to perform. Workers participation can be increased, if there is meaningful task.

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Abraham Maslow proposed need hierarchy theory. The need hierarchy, the people can be motivated to work based on the inherent needs or desires of individuals. People are motivated by multiple needs, there are multiple needs within individuals, which exist in a hierarchical order.

The needs are the physiological needs and progress to safety belongingness, self-esteem and self-actualization needs.

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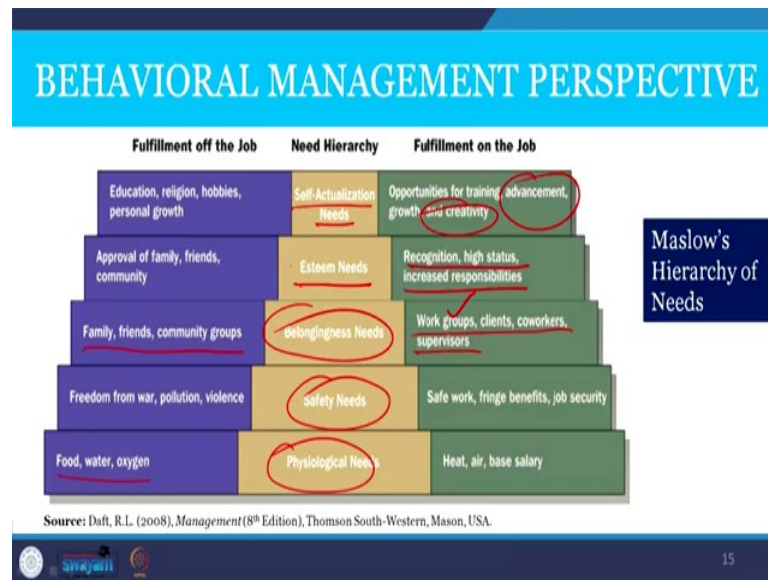
So, these are different types of needs within individuals and they are arranged in a hierarchical manner as proposed by Abraham Maslow. Physiological needs are the basic needs of an individual, like the need for food, water, shelter etc.

Safety needs, safety needs are the next level of needs in the need hierarchy order, need for psychological and physical safety. Belongingness needs, need for affiliation; which means that people are social individuals, individuals have a need to affiliate to the society or the group they belong to. So, need for to be associated with family, friends, community groups are what the individuals desire.

Esteem, self-esteem needs or need of approval from family, recognition from the family. So, people generally need, they need kind of peer recognition; peer recognition or to be known in the community they work. So, recognition status, responsibility is something which comes under the higher needs or self-esteem needs which is a higher order need.

Self-actualization need is a desire for giving back and is the highest order of need in an individual. And individual when the lower order, the theory proposed by Maslow says that, when individuals lower order needs are satisfied then they move towards the next level of need satisfaction. And self-actualization is the highest level of need, where when they feel that they have accomplished all the other needs.

So, opportunities for growth, advancement, creativity is the last level of need, when they have attained all the other needs. So, basically when we just take the look at all the needs, need hierarchy; physiological needs are basically the need for food, water, shelter. Safety needs are need physical and psychological safety.

So, people look for a safe and secure environment to work, they look for a shelter. Then family needs belongingness needs, need for having a family to be affiliated with friends, community, groups.

So, the concept of group work, coworker supervisors; so they affiliate, in the workplace there is a need for affiliation to the work group you belong to. Self-esteem is recognition, need for higher status, responsibility which is peer recognition otherwise; and self-actualization is the highest order of need, which talks about advancement, growth and advancement, creativity, learning, urge for learning continuously.

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Douglas McGregor based on his experience as manager and consultant, formulated the behavioral theory of management, behavioral management perspective. He proposed a theory called theory X and theory Y. Theory X is relatively pessimistic and negative view about workers and is consistent with the views of scientific management, which perceived employees as our workers as cogs in the wheel.

So, theory X is having a very narrow view or negative perspective of management of workers. Theory Y is optimistic or more positivist in defining employees and represents the assumptions made by human relations advocate.

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Theory X, the basic assumptions are people do not like to work and avoid work. People do not like work, so managers control their behavior through directions, coercion, and threatening employees to get them work as per organizational goals.

People prefer to be directed. So, theory X basically gives a view that workers are lazy and they need to be or they are not initiative taking; they need to be guided constantly by a manager. There should be a manager who can constantly propose plan for them, guide them to work, or direct them to work through reward or coercion.

People prefer to be directed to avoid responsibility and wants security, they have little ambition. It talks about employees as less ambitious. Theory Y assumptions proposed that, people are people are fond of working or people do not naturally dislike work, rather they like work. Work is natural part of their life; they are internally motivated there, there is an intrinsic motivation to work to reach objectives to which they are committed.

People are committed to goals they are committed to the goals to the degree they receive personal rewards when they reach their objectives. People will both seek and accept
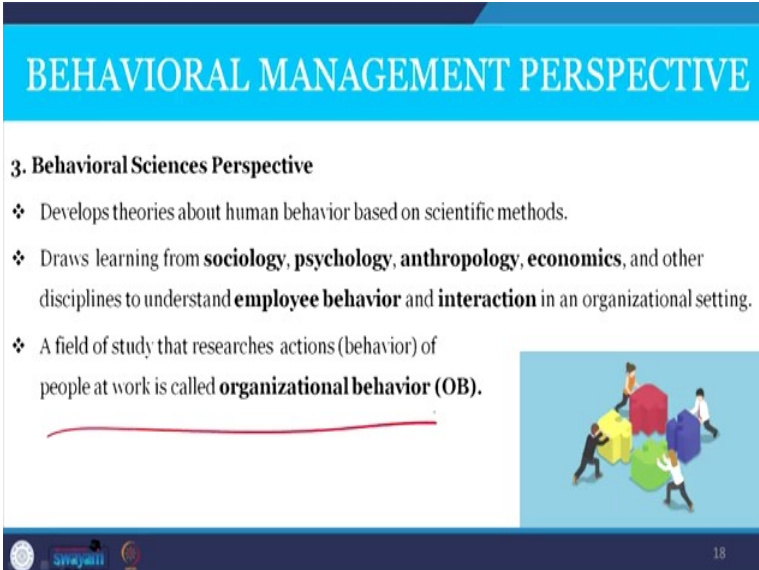
responsibility under favorable conditions. So, this theory proposes that, individuals are self-motivated; they need not be supervised constantly by a manager. People are committed to the goals to the degree they receive personal reward.

When they see that there is a reward in the work they do; there is a kind of self-motivation to attain those objectives, they seek and accept responsibility under favorable conditions. When given a conducive environment to work, they take initiative to perform. Capacity to be innovative, individuals also have the capacity to think out of the box and solve organizational problems.

Solve complex problems for the organizations; they take initiative when given a conducive environment, when given support by the managers as well as the organization. People are bright under the most organizational conditions; their potential is mostly underutilized.

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Behavioral science perspective also develops theories about human behavior based on scientific methods.

Draws learning from sociology different disciplines sociology, psychology, anthropology, economics and other disciplines to understand employee behavior and interaction in organizational settings. It is a field of study that researches actions or behavior of people at work called organizational behavior.

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Behavioral science perspective or organizational behavior theory, the study of actions of people at work; people are the most important asset of an organization. Now, the perspective is changing towards considering employees as employees or people as important assets and resources for organizations.

The early advocates of organizational behavior perspectives or advocates of the OB approach Robert Owen, Hugo Munsterberg, Mary Parker Follett, and Chester Barnard.

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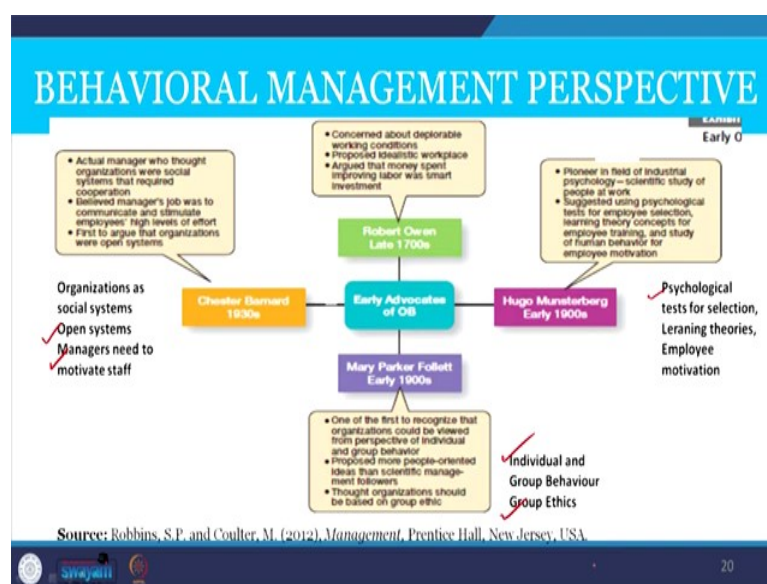
So, overview of the behavioral management perspective, it emphasizes on Robert Owen late 1700s; he was concerned about deplorable working conditions. Deplorable working conditions proposed idealistic workplace, argued that money spent in improving labor was smart investment.

Munsterberg said, psychological tests for selection, learning theories, employee motivation were the major highlights of the theory. Pioneers in the field of industrial psychology; Hugo Munsterberg said scientific study at of people at work suggested using psychological tests for employee selection, learning theory concepts for employee training, and study of human behavior for employee motivation.

Mary Parker Follett early 1900s, he one of the first to recognize that organizations could be viewed from the perspective of individual and group behavior proposed more people oriented ideas than scientific management followers. Thought organization should be based on group ethics. So, their major highlight is, individual and group behavior, group ethics.
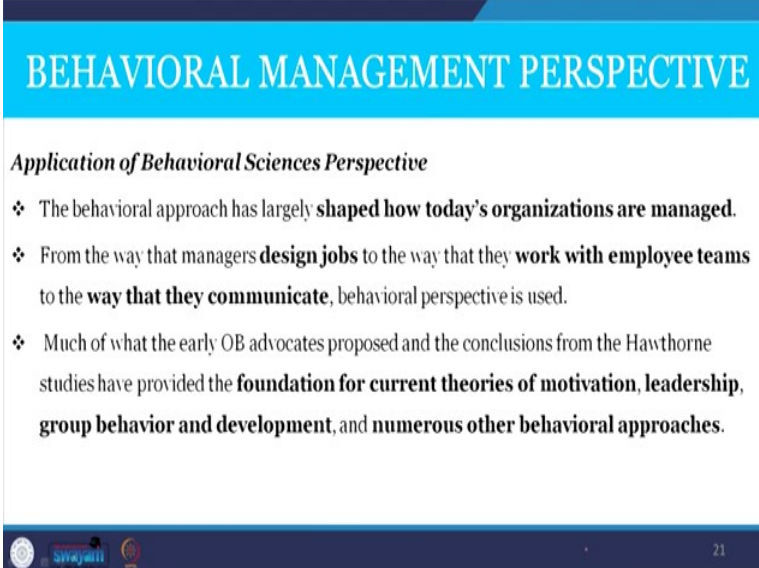
Chester Barnard in the year 1930 proposed organizations as social systems; he also emphasized the open systems purview, managers need to motivate staff. Actual managers who thought organizations were social systems that required cooperation. Organization according to Chester Barnard is like a society, where people, where task is accomplished based on interdependence; people interact with each other and share their experiences. So, it is just like a social system within a larger system.

Believed manager's job was to communicate and stimulate employees' high levels of effort. And their emphasis was on improving or to motivate workers, you need to communicate; managers need to emphasize on improving communication with workers to in order to stimulate them to perform towards the organizational objectives. They were the first to talk about organizations as open systems.

Organization is like an open system, where resources are drawn from external environment and processed through various processes within the organization, and the finished goods or outputs are meant for consumption by the external environment. And he also talked about that, an environment; it is not, the organizations are not like a closed system, but it is responsive to external environment.

There is external environment gives certain cues or sends signals or cues for improvement of each of the processes.

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Application of behavioral science perspective; the behavioral approach has largely has shaped how today's organizations are being managed. From the way that managers design jobs to the way that they work with employee teams to the way they communicate behavioral perspective is used.

Much of what the early OB advocates proposed and conclusions from the Hawthorne studies have provided the foundation for the current theories of motivation, leadership, group behavior, and development, and numerous other behavioral approaches.

So, after discussing the applications of behavioral science perspective, where the behavioral approach has largely shaped; how today's organizations are being managed.

It also gives throws light on how managers jobs are designed to the way that they work with employee teams, so that the and more emphasis is given on communication, much of what early OB advocates proposed and the conclusions from the Hawthorne studies have been provided as a foundation for the current theories of motivation, leadership, group behavior, and development, and numerous other behavioral approaches.

So, with this, we would like to conclude here. And next we will discuss about quantitative perspective in the next lecture.