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HUMAN RESOURCES MANAGEMENT

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Unit-1

Principles and Practices of Management

Introduction

The concept of management has acquired special significance in the present competitive and complex business world. Efficient and purposeful management is absolutely essential for the survival of a business unit. Management concept is comprehensive and covers all aspects of business. In simple words, management means utilising available resources in the best possible manner and also for achieving well defined objectives. It is a distinct and dynamic process involving use of different resources for achieving well defined objectives. The resources are: men, money, materials, machines, methods and markets. These are the six basic inputs in management process (six M's of management) and the output is in the form of achievement of objectives. It is the end result of inputs and is available through efficient management process.

Objectives

- To understand the concept of management
- To understand the need and importance of management functions
- To understand the concept of management process and its development
- To understand the management of the future

Management: Concept and meaning

Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. Management comprises planning, organizing, staffing, leading, coordinating and controlling an organization (a group of one or more people or entities) or effort for the purpose of accomplishing a goal. Resourcing encompasses the development and manipulation of human resources, financial resources, technological resources and natural resources.

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.

The term 'management' is used extensively in business. It is the core or life giving element in business. We expect that a business unit should be managed efficiently. This is precisely what is done in management. Management is essential for the

conduct of business activity in an orderly manner. It is a vital function concerned with all aspects of working of an enterprise.

Definitions of Management

1. According to George R. Terry, "Management is a distinct process consisting of planning, organising, actuating and controlling, performed to determine and accomplish stated objectives by the use of human beings and other resources".
2. According to Henry Fayol, "To manage is to forecast and to plan, to organise, to command, to coordinate and to control".
3. According to Peter Drucker, "Management is a multi-purpose organ that manages business and manages managers and manages workers and work".
4. According to Harold Koontz, "Management is the art of getting things done through and with people in formally organized groups".
5. According to Mary Parker Follett, "Management is the art of getting things done through people".

Characteristics of Management

1. Management is a managerial process: Management is a process and not merely a body of individuals. Those who perform this process are called managers. The managers exercise leadership by assuming authority and direct others to act within the organisation. Management process involves planning, organising, directing and unifying human efforts for the accomplishment of given tasks.
2. Management is a social process- Management takes place through people. The importance of human factor in management cannot be ignored. A manager's job is to get the things done with the support and cooperation of subordinates. It is this human element which gives management its special character.
3. Management is action-based: Management is always for achieving certain objectives in terms of sales, profit, etc. It is a result-oriented concept and not merely an abstract philosophy. It gives importance to concrete performance through suitable actions. It is an action based activity.
4. Management involves achieving results through the efforts of others: Management is the art of getting the things done through others. Managers are expected to guide and motivate subordinates and get the expected performance from them. Management acts as an activating factor.
5. Management is a group activity: Management is not an isolated individual activity but it is a collective activity or an activity of a group. It aims at using group efforts for achieving objectives. Managers manage the groups and coordinate the activities of groups functioning in an organisation.
6. Management is intangible: Management is not directly visible but its presence is noticed in the form of concrete results. Management is intangible. It is like

invisible spirit, which guides and motivates people working in a business unit. Management is like government, which functions but is not visible in physical form.

7. Management is aided, not replaced by computers: The computer is an extremely powerful tool of management. It helps a manager to widen his vision. The computer supplies ocean of information for important decision-making. The computer has unbelievable data processing and feedback facilities. This has enabled the manager to conduct quick analysis towards making correct decisions.
8. A computer supports manager in his managerial work. However, it cannot replace managers in business. They were required in the past, at present and also in future. Their existence is absolutely essential in the management process.
9. Management is all pervasive: Management is comprehensive and covers all departments, activities and employees. Managers operate at different levels but their functions are identical. This indicates that management is a universal and all pervasive process.
10. Management is an art, science as well as a profession: Management is an art because certain skills, essential for good management, are unique to individuals. Management is a science because it has an organised body of knowledge. Management is also a profession because it is based on advanced and cultivated knowledge.
11. Management aims at coordination of activities: Coordination is the essence of management. It gives one clear direction to the whole organisation and brings unity and harmony in the whole business unit. For such coordination, effective communication at all levels is essential.
12. Management is innovative: Management techniques are dynamic and innovative. They need to be adjusted as per the requirements of the situations. Another manager need not repeat the decisions of one manager. Similarly, a manager has to change his decisions under different situations.
13. Management has different operational levels: Every Organisation needs managers for managing business activities. The manager's job is basically the same at all levels. The managers at the higher levels have more important duties while managers at the lower levels have to perform routine functions i.e. duties.
14. Management is different from ownership: Management is concerned with the management of business activities. Managers are not the owners but they manage the business on behalf of the owners. Separation of ownership and management is a special feature of modern business organisation.
15. Management has vast scope: The scope of management is quite comprehensive. It covers all aspects of business. The principles of management guide managers while managing various business activities.

16. Management is dynamic: Business is influenced by changes in economic, social, political technological and human resource. Management adjusts itself to the changing atmosphere making suitable forecasts and changes in the policies. Hence, management is treated as a dynamic activity.
17. Management aims at achieving predetermined objectives: Management is a meaningful activity. All organisations are essentially groups of individuals formed for achieving common objectives. An Organisation exists for the attainment of specific objectives.

Need of Management

1. Direction, coordination and control of group efforts: In business, many persons work together. They need proper direction and guidance for raising their efficiency. In the absence of guidance, people will work as per their desire and the, orderly working of enterprise will not be possible. Management is needed for planning business activities, for guiding employees in the right direction and finally for coordinating their efforts for achieving best/most favorable results.
2. Orderly achievement of business objectives: Efficient management is needed in order to achieve the objectives of business activity in an orderly and quick manner.
3. Performance of basic managerial functions: Planning, Organising, Co-ordinating and Controlling are the basic functions of management. Management is needed as these functions are performed through the management process.
4. Effective communication at all levels: Management is needed for effective communication within and outside the Organisation.
5. Motivation of employees: Management is needed for motivating employees and also for coordinating their efforts so as to achieve business objectives quickly.
6. Success and stability of business enterprise: Efficient management is needed for success, stability and prosperity of a business enterprise.

Modern business is highly competitive and needs efficient and capable management for survival and growth. Management is needed as it occupies a unique position in the smooth functioning of a business unit. This suggests the need of efficient management of business enterprises. Profitable/successful business may not be possible without efficient management. In this sense, "No management, no business" is true. Survival of a business unit in the present competitive world is possible only through efficient and competent management.

Meaning of Management Process

The term management is explained in different ways. For example, it is said that management is what management does. Here, management is explained with reference to its basic functions which include planning, organising, coordinating and controlling.

Similarly, management is described as a process which involves various elements. Management process is a continuous one and is run by the managers functioning at different levels. Management is now recognised as a distinct process in which managers plan, organise, lead, motivate and control human efforts in order to achieve well defined goals. In fact, process means a series of activities/operations undertaken/conducted for achieving a specific objective. Process is a systematic way of doing things.

For example, in a factory there is a production process. Similarly, in the management process, resources and human efforts are used in an orderly manner for achieving specific objectives. The management process suggests functions to be performed by the managers.

Definition of Management Process

1. According to D. E. McFarland, "Management is the distinct process by which the managers create, direct, maintain and operate purposive organisation through systematic, co-coordinated and cooperative human efforts".
2. According to Gemp R. Terry, "Management is a distinct process consisting of planning, organising, actuating, and controlling, performed to determine and accomplish objectives by the use of people and other resources".

Functions/Elements of Management

The essential elements/components of Management Process are four.

- a. Planning
- b. Organising
- c. Directing and
- d. Controlling.

We may add some more elements in the management process. Such elements are:-

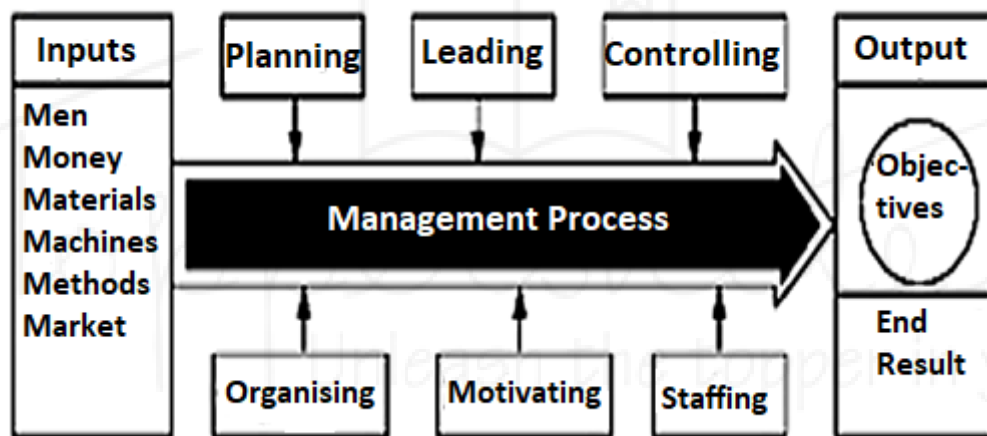
- i. Motivating
- ii. Co-coordinating
- iii. Staffing and
- iv. Communicating.

The elements in the management process are actually the basic functions of management these functions constitute the management process in practice. Management process is in fact, management in practice. This process suggests what a manager is supposed to, do or the basic functions that he has to perform while managing the job assigned to him.

Luther Gullic gave a new formula to suggest the elements of Management Process i.e. basic functions of management. According to him, management process may be indicated by the word "PODSCORBI". Here, 'P' states for 'planning'. "O" for 'organising', "D" for 'directing', "S" for 'Staffing', "CO" for 'Coordinating', "R" for 'Reporting' and "B" for 'Budgeting'. Gullic coined the word "PODSCORB" to suggest seven functions of management.

The following figures show the management process and the elements involved:

(A) Management Process



(B) Elements of Management Process (Functions of Management)



1. **Planning:** Planning is the primary function of management. It involves determination of a course of action to achieve desired results/objectives. Planning is the starting point of management process and all other functions of management are related to and dependent on planning function. Planning is the key to success, stability and prosperity in business. It acts as a tool for solving the problems of a business unit. Planning plays a pivotal role in business management it helps to visualize the future problems and keeps management ready with possible solutions.
2. **Organising:** Organising is next to planning. It means to bring the resources (men, materials, machines, etc.) together and use them properly for achieving the objectives. Organisation is a process as well as it is a structure. Organising means arranging ways and means for the execution of a business plan. It provides suitable administrative structure and facilitates execution of proposed plan. Organising involves different aspects such as departmentation, span of control, delegation of authority, establishment of superior-subordinate relationship and provision of mechanism for co-ordination of various business activities.
3. **Staffing:** Staffing refers to manpower required for the execution of a business plan. Staffing, as managerial function, involves recruitment, selection, appraisal, remuneration and development of managerial personnel. The need of staffing arises in the initial period and also from time to time for replacement and also along with the expansion and diversification of business activities. Every business unit needs efficient, stable and cooperative staff for the management of business activities. Manpower is the most important asset of a business unit. In many organisations, manpower planning and development activities are entrusted to personnel manager or HRD manager. 'Right man for the right job' is the basic principle in staffing.
4. **Directing (Leading):** Directing as a managerial function, deals with guiding and instructing people to do the work in the right manner. Directing/leading is the responsibility of managers at all levels. They have to work as leaders of their subordinates. Clear plans and sound organisation set the stage but it requires a manager to direct and lead his men for achieving the objectives. Directing function is quite comprehensive. It involves Directing as well as raising the morale of subordinates. It also involves communicating, leading and motivating. Leadership is essential on the part of managers for achieving organisational objectives.

5. **Coordinating:** Effective coordination and also integration of activities of different departments are essential for orderly working of an Organisation. This suggests the importance of coordinating as management function. A manager must coordinate the work for which he is accountable. Co-ordination is rightly treated as the essence of management. It may be treated as an independent function or as a part of organisms function. Coordination is essential at all levels of management. It gives one clear-cut direction to the activities of individuals and departments. It also avoids misdirection and wastages and brings unity of action in the Organisation. Co-ordination will not come automatically or on its own. Special efforts are necessary on the part of managers for achieving such coordination.
6. **Controlling:** Controlling is an important function of management. It is necessary in the case of individuals and departments so as to avoid wrong actions and activities. Controlling involves three broad aspects: (a) establishing standards of performance, (b) measuring work in progress and interpreting results achieved, and (c) taking corrective actions, if required. Business plans do not give positive results automatically. Managers have to exercise effective control in order to bring success to a business plan. Control is closely linked with other managerial functions. It is rightly treated as the soul of management process. It is true that without planning there will be nothing to control it is equally true that without control planning will be only an academic exercise. Controlling is a continuous activity of a supervisory nature.
7. **Motivating:** Motivating is one managerial function in which a manager motivates his men to give their best to the Organisation. It means to encourage people to take more interest and initiative in the work assigned. Organisations prosper when the employees are motivated through special efforts including provision of facilities and incentives. Motivation is actually inspiring and encouraging people to work more and contribute more to achieve organisational objectives. It is a psychological process of great significance.
8. **Communicating:** Communication (written or oral) is necessary for the exchange of facts, opinions, ideas and information between individuals and departments. In an organisation, communication is useful for giving information, guidance and instructions. Managers should be good communicators. They have to use major portion of their time on communication in order to direct, motivate and co-ordinate activities of their subordinates. People think and act collectively through communication. According to Louis Allen, "Communication involves a systematic and continuing process of telling, listening and understanding".

Importance of Management

1. **Optimum Utilization of Resources:** Management facilitates optimum utilization of available human and physical resources, which leads to progress and prosperity of a business enterprise. Even wastages of all types are eliminated or minimized.
2. **Competitive Strength:** Management develops competitive strength in an enterprise. This enables an enterprise to develop and expand its assets and profits.
3. **Cordial Industrial Relation:** Management develops cordial industrial relations, ensures better life and welfare to employees and raises their morale through suitable incentives.
4. **Motivation of Employees:** It motivates employees to take more interest and initiatives in the work assigned and contribute for raising productivity and profitability of the enterprise.
5. **Introduction of New Techniques:** Management facilitates the introduction of new machines and new methods in the conduct of business activities. It also brings useful technological developments and innovations in the management of business activities.
6. **Effective Management:** Society gets the benefits of efficient management in terms of industrial development, justice to different social groups, consumer satisfaction and welfare and proper discharge of social responsibilities.
7. **Expansion of Business:** Expansion, growth and diversification of a business unit are possible through efficient management.
8. **Brings Stability and Prosperity:** Efficient management brings success, stability and prosperity to a business enterprise through cooperation among employees.
9. **Develops Team Spirit:** Management develops team spirit and raises overall efficiency of a business enterprise.
10. **Ensures Effective use of Managers:** Management ensures effective use of managers so that the benefits of their experience, skills and maturity are available to the enterprise.
11. **Ensures Smooth Functioning:** Management ensures smooth, orderly and continues functioning of an enterprise over a long period. It also raises the efficiency, productivity and profitability of an enterprise.
12. **Reduces Turnover and Absenteeism:** Efficient management reduces labour turnover and absenteeism and ensures continuity in the business activities and operations.
13. **Creates Sound Organisation:** A dynamic and progressive management guarantees development of sound Organisation, which can face any situation - favourable or unfavourable with ease and confidence.

The very survival of an enterprise depends on its management. Ineffective management leads to disastrous consequences. According to George Terry, "Ineffective management cuts at the very roots of economy of an enterprise's. This suggests the importance of efficient management. In brief, management occupies a unique position in the functioning of business enterprises. Its importance and positive role is accepted in all sector-private, public, joint and co-operative. Management is like a human brain. It is an integral aspect of business itself. The importance of management is not fully realised in many developing countries. The economic progress of western countries is not merely due to abundant material resources but because they are efficiently managed and utilised. In other countries, resources are not utilised fully and properly due to lack of managerial skills. This suggests that management is a key factor in the working of business enterprises. There is no substitute to efficient management. An inefficiently managed business enterprise has no place in the present complex and competitive business world groups.

Management in The Future

In the next couple of decades, management theory and practice is bound to change in order to meet the complex and ever changing environmental variables. The phenomenal growth in multinational and transnational operations, fast changing technology, increasing complexity of decision making, dynamic social and economic environment, globalisation of business and elastic project organisations and task groups will significantly influence the future managerial world and managerial tasks. There are successful business and management leaders publishing their memories and offering their experience to the world. There is great increase in the number of business schools. Management education is bank ably providing expertise to nonage the business and this trend is likely to continue. Career paths are likely to be based on expertise alone. Managers will be under pressure to develop this expertise and apply it in an ever widening range of situations rather than their ability to survive the bureaucratic jungle. They will have to combine their personal, professional and operational qualities and capacities to the satisfaction of employers and the society. The future must be considered as an opportunity and not a problem. The future business environment will he dominated by information technology (IT), globalisation, material and energy shortages, problems of pollution and ecological balance, consumerism, inflation and R & D. The costs of employing expert managers are regarded as an investment for effective business performance. Management is a designated expertise, increasingly professionalized and is likely to progress to a highly organised status. It is assumed that young people will choose management as an occupation and will progress from lower to middle and from middle to top

management positions. An ever-greater range of knowledge is available to all aspects of business and management. Some forces/factors that are likely to have an impact upon management in future are as mentioned below:-

1. Emergence of knowledge society.
2. Development of socially concerned Humanistic society.
3. Widespread application of information technology (IT)
4. Transition from industrial to service economy.
5. Growing use of innovations and R & D.
6. Social accountability of business.
7. Satisfaction of human and social values in man-machine system.
8. Liberalization and Globalisation of the business.

Development of Management Thought

Management thought has a long history. It is as old as human civilization itself. Management in one form or the other has been a significant feature of economic life of mankind throughout ages. Management thought is an evolutionary concept it has developed along with and in line with the growth of social, political, economic and scientific institutions. Management thought has its origin in the ancient times. It developed gradually along with other socioeconomic developments. The contributors to management thought are many. They include Management philosophers, management practitioners and scholars. Modern management is based on the solid foundations laid down by management thinkers from the early historical period.

Historical Background of Management

The recorded use of organised management dates back to 5000 B.C. when the agricultural revolution had taken place. These agricultural civilizations existed in India, China and Egypt. According to Peter Drucker these irrigation civilizations "were not only one of the great ages of technology, but it represented also mankind's most productive age of social and political innovation". As the villages grew and civilizations evolved, the managers too grew and evolved. They became the priests, the kings, the ministers holding power and wealth in the society. Written documents found in the Sumerian civilization which flourished some 5000 years ago, contains evidence of management control practices.

As early as 4000 B.C., the Egyptians were aware of the importance of planning, organising and controlling. The huge pyramids of Egypt stand a mute testimony to the managerial and organizational abilities of the ancient Egyptian civilization. One pyramid required 1,00,000 men working for 20 years, covering 13 acres, using 2.3 million blocks, each weighing an average of 2.5 tons. To produce such a monument required proper planning, work allocation, organising, directing, controlling and decision making.

In the Grecian civilization we find the origin of the Scientific Method in the famous Socratic discourses. The Romans who built a vast empire extending from Britain in the west to Syria in the east ruled it for many years only because of their superior and advanced managerial abilities.

In ancient India Kautilya wrote his Arthashastra in about 321 B.C. the major theme of which was political, social and economic management of the State. The study of administration of the cities of Mohenjodaro and Harappa of the ancient Aryans in 2000 B. C., Buddha's order and the Sangha in 530 B. C., provide evidence about the use of the principles of management.

During the 13th and 14th centuries AD the large trading houses of Italy needed a means of keeping records of their business transactions. To satisfy their needs Luca Pacioli published a treatise in 1494 describing the Double Entry System of Book-keeping for the first time.

Management thought is an evolutionary concept. New theories and principles were suggested along with new developments in the business field. The new thoughts supplemented the existing thoughts and theories. This is how developments are taking place continuously in regard to management thoughts/theories. Management thinkers and thinkers from other fields such as economics, psychology, sociology and mathematics have also made their contribution in the evolution of management thought.

Evolution of Management Thought

This evolution of management thought can be studied in the following broad stages: The Classical Theory of Management (Classical Approach): It includes the following three streams of thought: (i) Bureaucracy, (ii) Scientific Management; and (iii) Administrative Management

- A. The Neo-classical theory of Management: It includes the following two streams:
 - (i) Human Relations Approach
 - (ii) Behavioral Sciences Approach.
- B. The Modern Theory of Management: It includes the following three streams of thought: (i) Quantitative Approach to Management (Operations Research); (ii)

Systems Approach to Management and (iii) Contingency Approach to Management.

It is rather difficult to state the exact period of each stage in the evolution of management thought. Experts, in general, agree with the following period for each thought/school.

- a. Classical School/thought: 1900 to 1930.
- b. Neo-classical School/thought: 1930 to 1960.
- c. Modern School/thought: 1960 onwards.

The development of management thought is the result of contributions made by pioneering management thinkers and experts from other social sciences such as economics and psychology.

Contribution of F.W. Taylor to Management Thought

F.W. Taylor is one of the founders (the other two are Max Weber and Henry Fayol) of classical thought/classical theory of management. He suggested scientific approach to management also called scientific management theory. F. W. Taylor (1856-1915) is rightly treated as the father of scientific management. He suggested the principles of scientific management. His concept of scientific management developed into a movement and dominated the industrial management for several decades after him. His concepts and principles were refined and popularized by several of his followers, notable among them being Henry Gantt, The Gilberths and Emerson.

Principles of Scientific Management

According to Taylor, scientific management in its essence consists of a philosophy which results in a combination of four important underlying principles of management. First, the development of a true science, second, the scientific selection of the workers, third, their scientific education and development, Froth, intimate co-operation between management and their men. The basic principles of Taylor philosophy of scientific management are as noted below. These principles of scientific management are most crucial aspects of scientific management. The development of 'One best way" of doing a job. This suggests the task of finding out the best method for achieving the objectives of a given job. The standards are decided scientifically for Jobs and incentive wages were paid for all production above this standard. Here, job analysis and standardization of tools, equipment, machinery, etc. are required.

- Scientific selection of workers and their development through proper training.
- Scientific approach by management. The management has to develop a true science in all fields of work activity through scientific investigation and experiments.
- Close co-operation of managers and workers (Labour management relations) for better results and understandings.
- Elimination of conflict between methods and men. The workers are likely to resist to new methods. This can be avoided by providing them an opportunity to earn more wages.

Features of Scientific Management

1. **Scientific task setting:** F. W. Taylor suggested the introduction of standard task which every worker is expected to complete within one day (working hours) the task is to be calculated through careful scientific investigation. For this, work study (i.e. method study and work measurement study) is essential. Taylor suggested time study, motion study, fatigue study and rate-setting for the introduction of scientific task. Time study is the art of observing and recording the time required to do each detailed element in an industrial operation. Motion study refers to the study and analysis of the movements of an operator while performing a job so that attempts can be made to remove useless/unwanted movements from the process. Both the studies together help in determining the best method of performing a job and the standard time allowed for it. This replaces the old rule-of-thumb knowledge of the workers. The workload, the best method of performing the same and the time within which it must be performed are suggested in this feature of scientific management by Taylor.
2. **Planning the task:** For performing the task by every worker, Taylor suggested the need of planning the production activity accurately. This idea of planning is Taylor's gift to the science of management. Planning of task gives answers to the following questions. What has to be done, how it is to be done, where the work shall be done and when the work shall be done.
3. **Scientific selection and training of workers:** Taylor suggested the need of scientific selection of workers for the plant/production activities. The procedure of selection must be systematic so as to select the best and the most suitable persons for different types of jobs. Correct placement of workers is equally important He also suggested the need of training of workers so as to raise their ability or efficiency. Training is to be integrated with the promotion policy. He also suggested differential piece wage plan for compensation payment to workers. He also suggested the importance of cordial relations between management and workers.

4. **Standardization:** Taylor suggested the importance of standardization of tools and equipment, materials, conditions of work and speed of machines. This brings co-ordination in different activities and all workers will be able to perform the task assigned easily. The workers will have satisfactory working conditions for work due to such standardization.
5. **Specialization:** Taylor suggested specialization in the administrative and organizational setup of the plant. He suggested functional foremanship. Taylor recommended eight functional foremen for different activities and functions. The foremen suggested by him are like route clerk, instruction card clerk, speed boss etc. Such specialization is useful for raising efficiency of the whole organization.
6. **Mental Revolution:** The techniques suggested by F. W. Taylor in his scientific management are different as compared to traditional techniques and methods. Naturally, these techniques can be used only when workers, supervisors and managers accept them in theory and also in practice. For this, mental revolution on their part is essential. The success of scientific management rests basically on the attitude of management and workers. They must give up their old ideas and methods and must accept new scientific methods. For this, mental revolution on the part of both is essential. Cooperation from workers and management for the introduction of scientific management depends on this mental revolution.

Benefits / Advantages of Scientific Management

1. Application and use of scientific methods.
2. Wide scope for specialization and accurate planning.
3. Minimum wastages of materials, time and money.
4. Cordial relations between workers and management.
5. Benefits to workers (higher wages and less burden of work), management (cost reduction, better quality productions) and consumers (superior goods at lower prices)

Scientific management not only developed a rational approach to solving organisational problems but also contributed a great deal to the professionalisation of management. Time and motion studies, scientific selection of workers, work design and one best way to doing a job are some new ideals suggested by Taylor and are responsible for the introduction of many positive changes in the field of industrial/ production management.

F.W. Taylor's Contribution to the Development of Management Thought / Science