

1.4 Principles of Management

Fayol made a distinction between "*elements of management*" and "*general principles of management*". Besides a systematic analysis of the management process and management functions, Fayol formulated a set of fourteen principles as guidelines for implementing the process of management.

These principles may be listed as follows:

1. Division of Work

In any organized situation, work should be divided into compact jobs to be assigned to individuals. This applies to managerial work and non-managerial work. Division of labour facilitates specialization and improves efficiency, if it is done within reasonable limits.

2. Authorities and Responsibility

The authority is the official right to a manager to manage people and things. Authority of a manager goes hand in hand with the responsibility for effective results. In other words, there should be parity or balance between authority and responsibility vested in a managerial position.

3. Discipline

Discipline is defined as observance of diligence and respect for seniors and rules and regulations. Managers as leaders of their work groups should enforce discipline throughout the organization. Fayol declares that discipline requires good superiors at all levels. He emphasized the need of discipline among the personnel for the smooth running of organization. He advocated penalties to prevent in violation.

4. Unity of Command

It means that a subordinate in an organization should be under direct supervision of a single from whom he should get instructions and to whom he should be accountable. In other words, every employee should have only one boss. If a subordinate has more than one boss, to that case conflict and condition in authority and instructions of general bosses would result.

5. Unity of Direction

Fayol advocates *one head, one plan* for a group of activities having same objective. In other words, a set of activities having the same objective should be under the direction of a single manager. Similarly, there should be one plan of action for such a set of activities because the objective is the same. This principle promotes smooth coordination of activities, efforts and resources.

6. Subordination of Individual Interest to Group Interest

The collective good and common interest of the organization should prevail over the narrow, sectional and self-interest of its members of an organization for the welfare of both the organization and the members.

7. Remuneration of Personnel

Remuneration as well the methods of payment in an organization should be fair so as to afford maximum satisfaction both to the organization and its employees.

8. Centralization

According to Fayol, everything which reduces the importance of subordinates' role is centralization and that which increases it, is decentralization. In his opinion, the question of centralization and optimum degree in particular case. There should be a proper combination and decentralization in an organization based on a consideration of several internal and external factors.

9. Scalar Chain

Fayol defines the scalar chain as *the chain of superiors ranging from the ultimate authority (i.e. top authority) to the lowest ranks*. It is also known as hierarchy of management. Every

communication should follow the prescribed route, i.e. the proper channel. Authority relationships are said to be scalar when subordinates report to their immediate superiors and when their superiors, in turn, directly report as subordinates, to their superiors.

10. Order

Order relates to both persons and things. It means a systematic arrangement of materials and systematic placement of people in the organization. In *material order*, everything should be in its proper place and there should be a place for everything. For *social order* there should be a place assigned to each employee, and each employee should be in the place assigned. The right man in the right place is the ideal here.

11. Equity

Equity means combination of fairness, kindness and justice. Equity motivates the workers to perform their duties. Besides, it promotes a friendly atmosphere between superiors and subordinates.

12. Stability of Tenure of Personnel

Management should strive to minimize employee turnover (i.e. changes in staff). In other words efforts should be made to achieve relative stability and continuity of tenure of the personnel. This could be achieved by attractive remuneration and honorable treatment of personnel. Stability and continuity of personnel promote teamwork, loyalty and economy.

13. Initiative

It refers to the freedom to propose a plan and execute it. Management should encourage subordinates to take desirable initiative in thinking out plans and executing them. Extending opportunities and freedom to contribute their best could do this.

14. Esprit de corps

Esprit de corps means the spirit of loyalty and devotion, which unites the members of a group or society. It is a sense of respect and belongingness to one's organization. This principle stresses the need for team spirit, cordial relations, and co-operations among the personnel.