

Chapter-2

Principals of Management

1. Meaning of Principles of Management

Principles of management are **general guidelines** which help managers **take decisions and guide behaviour** of employees in an organisation.

2. Nature / Characteristics of Management Principles

1. Universal Application (Pervasive)

- Applicable to **all organisations**
- Big or small, profit or non-profit.

2. General Guidelines

- Do not give **ready-made solutions**
- Only provide direction for decision-making

3. Formed by Practice & Experimentation

- Developed after **deep observation, research and experience**

4. Flexible

- Can be **modified according to situation**
- Not rigid rules

5. Mainly Behavioural

- Influence **human behaviour**
- Related to employees' attitude, motivation, discipline

6. Cause and Effect Relationship

- Show **likely outcome** if applied
- Exact result not guaranteed (human behaviour involved)

7. Contingent

- Application depends on **situation and environment**

3. Importance of Principles of Management

- Help managers **take correct decisions**
- Provide **useful insight into real business situations**
- Ensure **optimum utilisation of resources**
- Reduce **wastage and cost**
- Help managers **learn from past mistakes**
- Promote **scientific decision-making**

4. PRINCIPLES OF MANAGEMENT DEVELOPED BY HENRY FAYOL

(i) Division of Work

- Work should be divided into **small tasks**
- Allocation as per **capability & qualification**

Positive Effects

- Specialisation
- Increased efficiency
- Speed in work

If Violated

- No specialisation
- Duplication of work
- Low efficiency
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(ii) Authority and Responsibility

- **Authority:** Right to give orders
- **Responsibility:** Obligation to perform work
- Both must go **together**

Positive Effects

- Timely completion of work
- No misuse of power

If Violated

- Delay in work
- Overburdening employees

(iii) Discipline

- Obedience to rules, regulations & agreements
- Superiors must keep promises
- Subordinates must obey sincerely

Positive Effects

- Smooth & systematic working
- Better discipline

If Violated

- Confusion & chaos
- Wastage of time and resources

(iv) Unity of Command

→ Employee should receive orders from **only one superior**

Positive Effects

- No confusion
- Clear responsibility
- Better efficiency

If Violated

- Conflict & confusion
- Delay in work
- Low productivity

(v) Unity of Direction

→ **One plan, one head, one objective**

→ Activities with same goal must be coordinated

(vi) Subordination of Individual Interest to General Interest

- Organisational interest > Personal interest
- Personal interest sacrificed if conflict arises

Positive Effects

- Organisational goals achieved
- Harmony in organisation

If Violated

- Organisational goals suffer
- Long-term loss to employees

(vii) Remuneration of Personnel

- Employees must get **fair and reasonable wages**
- Payment should match company ability & industry standards

Positive Effects

- Motivation
- Job satisfaction

If Violated

- Employee dissatisfaction
- High labour turnover

(viii) Centralisation and Decentralisation

- **Centralisation:** Power at top level
- **Decentralisation:** Power distributed to lower levels
- Proper balance required

Positive Effects

- Quick decisions at lower level
- Strong control at top

If Violated

- Total centralisation → delays
- Total decentralisation → misuse of power

(ix) Scalar Chain

- Formal line of authority from **top to bottom**
- Orders should follow hierarchy

Gang Plank

- Shortcut allowed between same-level employees in emergencies

Positive Effects

- Smooth communication
- Discipline in information flow

If Violated

- Miscommunication
- Delay in decisions

(x) Order

- Right person at right job
- Right material at right place

Positive Effects

- No wastage
- Smooth working

If Violated

- Misplacement of materials
- Confusion & delay

(xi) Equity

- Fairness, kindness & justice
- No discrimination (caste, sex, religion, etc.)

Positive Effects

- Loyalty & trust
- Team spirit

If Violated

- Dissatisfaction
- Conflicts

(xii) Stability of Tenure of Personnel

- Employees should have **job security**
- Frequent transfers/terminations avoided

Positive Effects

- Motivation
- Reduced training cost

If Violated

- High labour turnover
- Extra hiring & training cost

(xiii) Initiative

- Employees encouraged to **think, plan & execute ideas**
- Managers should support creativity

Positive Effects

- Innovation
- Growth

If Violated

- Loss of interest
- Slow organisational growth

(xiv) Esprit de Corps

- Team spirit & harmony
- Cooperation between management and workers

Positive Effects

- Peaceful working environment
- Higher productivity

If Violated

- Conflicts
- Production losses

6. SCIENTIFIC MANAGEMENT - F.W. TAYLOR

(i) Mental Revolution

- Change in attitude of workers & management
- Focus on cooperation, not conflict

Need

- Remove conflicts
- Improve mutual understanding
- Increase efficiency

(ii) Standardisation and Simplification

- Fixed standards for tools, methods & materials
- Reduce unnecessary varieties

Positive Effects

- Reduced cost
- Quality consistency
- Time saving

If Violated

- High production cost
- Market confusion

(iii) Functional Foremanship (Production Dept.)

- Speed Boss → Timely completion
- Gang Boss → Tools & machines
- Repair Boss → Maintenance
- Inspector → Quality control

7. Advantages of Scientific Management

1. Higher efficiency
2. Lower cost
3. Larger market share
4. Better labour-management relations
5. Skill development
6. Higher wages

8. Modern Scientific Techniques

Operations Research → Scientific decision-making

Lean Manufacturing → Reduce 7 wastes

Kaizen → Continuous improvement

Six Sigma → Reduce defects

Just in Time → Inventory only when needed

Thank you