

# 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

## **(vii) 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**