

Henry Fayol's Principles/Administrative Theory/Modern Principles of Management

Henry Fayol a French engineer cum manager

Stated around 14 principles for smooth administration process in an organization

He says that managerial ability is more important

14 - Principles

- Division of work
- Authority & Responsibility
- Discipline
- Unity of Command
- Unity of Direction
- Emphasis on subordination of personal interest to common interest
- Adequate remuneration to personnel
- Centralization
- Scalar chain or line of authority
- Equity
- Order
- Stability of workers
- Initiative
- Team spirit

Division of work: (Principle of specialization)

- Division of work should be according to work , job department etc.
- Both Technical and managerial activities can be performed in the best manner only through division of work
- It can ensure maximum productivity and efficiency in all spheres of activities.

Authority & Responsibility:

- Right to give order, right to command is called authority.
- The obligation to accomplish the objectives or expected results or performance is called responsibility.
- These two are inter-related and exist together.
- In any management process delegation of power, utilization of authority and fixation of responsibility are key to success

Discipline:

- No Organization can work smoothly without discipline.
- Rules and regulations, policies and procedures must be honored by all the members.
- Discipline is imposed by administration
- It requires good supervisors at all levels
- There must be penalties(punishment) for indiscipline.

Unity of Command:

- In order to avoid confusion and conflicts each individual should receive orders and instructions only from one supervisor and should be accountable to the one supervisor only.
- It provides responsible leadership, better guidance , good co-ordination and disciplined performance

Unity of Direction:

- All members of an organization must work together to accomplish common objectives.

Emphasis on subordination of personal interest to common interest:

- It means common interest of the organization must be given more importance than the interest of the individual.
- The organization will collapse if personal interest becomes supreme than general interest

Adequate remuneration to personnel:

- Persons working in an organization should be paid suitably and adequately. This will help to maintain their interest in the work and the enterprise
- A wage policy should be based on adequate financial and non-financial incentives.

Centralization:

- The decision for centralization would naturally vary from organization to organization
- However a balance must be there between centralization and decentralization.
- Extreme centralization or decentralization must be avoided.

Scalar chain or line of authority:

- An organization chart should be prepared for better communication and effective co-ordination.
- It shows the flow of authority and responsibility from top to bottom.

Equity:

Unbiased, meaningful and equal treatment should be the motto of a management in its relations with employees.

Order:

A company should maintain a well-defined work order to have a favourable work culture. The positive atmosphere in the workplace will boost more positive productivity.

Stability of workers:

- Security of income and employment is a prerequisite of sound organization and management.
- This will reduce unnecessary labour turnover and increase efficiency by having stable work force.

Initiative:

- Initiative is a freedom to think plan and to execute.
- The employees should be allowed to take initiative of course under watchful eyes some times.
- It brings self confidence in a worker and improves efficiency

Team spirit/ **Esprit de Corps** :

- Management should leave the concept of “divide and rule” instead it should try to achieve co-operation and team spirit in the employees.
- It is the responsibility of the management to motivate their employees and be supportive of each other regularly. Developing trust and mutual understanding will lead to a positive outcome and work environment.