

Principles of Management

Here are some of the main principles of management given by Henry Fayol:

- **Division of Work** – This principle of management is based on the theory that if workers are given a specialized task to do, they will become skillful and more efficient in it than if they had a broader range of tasks. It helps specialization and produces more and better work with the same effort. A worker is not required to give attention to more than one work.
- **Authority and Responsibility** – This principle looks at the concept of managerial authority and responsibility. Authority gives rights and responsibility imposes obligations. These should go together. They should be well balanced. Fayol says authority does not only originate from the managerial position but also from intelligence, experience, moral worth, past service etc. Managers should use their authority responsibly and ethically.
- **Discipline** – This principle relates to the fact that discipline is needed within an organization for it to run effectively. Organizational rules, philosophies, and structures need to be met. In order to have disciplined workers, managers must build a culture of mutual respect and motivation.
- **Unity of command** – Orders should flow from one superior only because dual command is a source of conflict. This is not only true in business enterprise, in home, army and state— everywhere command should come from one source. There should be a clear chain of command in place within an organization. An employee should know exactly whose instructions to follow.
- **Unity of direction** – According to this principle, efforts of all members of the organization should be directed towards common goal. **“There should be one head and one plan,” for a group of activities having the same objective. “A body with two heads is in the social as in the animal sphere a monster, and has difficulty in surviving “— Fayol.**
- **Subordination of individual interests to general interest** – The interests of the organization as a whole should take precedence over the interests of any individual employee or group of employees. The goal of the organization must not be sacrificed because individuals will be able to achieve their objectives only when organization goes well.
- **Remuneration** – Fayol’s principle of remuneration was based on fairness both from the point of view of the employee as well as from the point of view of the employer. The system of remuneration, according to Fayol, should be so devised as to satisfy both the employee and the employer.

- **Centralization and Decentralization**– Centralization refers to concentration of authority or power in few hands at the top level. Decentralization means distribution of power at every level of management. Fayol advised not to have complete centralization or complete decentralization but a combination of both.
- **Scalar chain** – This relates to the principle of a clear chain of communication existing between employees and superiors. Fayol insists that this chain must be respected and followed strictly in the organization. Every information must pass through every key of chain, no skipping of any key should be allowed.
- **Order** – It refers to orderly arrangement of men and material that is a fixed place for everything and everyone in the organization. Fayol insists that there must be a fixed place to keep every material and thing used in the organization and fixed place or seat or cabin for every of the organization so that no time and energy is wasted in search of any material or any person.
- **Equity** – Managers must treat employees with kindness, justice and fairness. Employees will put their maximum efforts only when they are treated with kindness and justice. Almost every organization in the modern world has a written set of policies and procedures which outline exactly what is expected from staff at all levels.
- **Stability of tenure of personnel** – Instability of tenure causes and results in the poor performance of an organization. It is seen as desirable within an organization to have a low staff turnover rate. According to this principle the management must provide the feeling of job security among the employees because with the feeling of insecurity for the job, the employees cannot contribute their maximum.
- **Initiative** – Fayol suggested that employees in an organization must be given an opportunity to take some initiative and executing a plan. It gives immense satisfaction to the employees. They feel more motivated and respected. Many organizations place a great deal of emphasis on listening to the concerns of staff.
- **Esprit De-Corps** – Keeping a high level of morale and team spirit is an essential part of having the most productive organization possible. Happy and motivated employees are far more likely to be productive and less absent. A manager should replace “I” with “WE”.

The fourteen principles, according to Fayol, were not exhaustive but they were essential in every type of organization — no matter whether it was business or non-business.

Functions of Management



1. Planning

- Planning is always the first managerial function.
- Planning helps in determining the course of action to be followed for achieving various organizational objectives.
- It is a decision in advance, **what to do, when to do, how to do and who will do** a particular task.
- Planning is a process which involves thinking before doing and bridges the gap between where we stand today and where we want to reach.
- In planning, every manager starts with deciding in advance the objectives of an enterprise and how to accomplish these objectives.
- Planning is a continuous process that takes place at all levels of management.
- Planning is the base of all other functions of management.
- Plans may be of many kinds, such as short range plans, medium range plans, long range plans, standing plans, single use plans, strategic plans, administrative plans and operational plans.

- It helps to visualize the future problems and keeps management ready with possible solutions.

2. Organization

- After setting up of plans, next function of management is organizing. It refers to harmonious adjustment of various parts to achieve common objectives.
- Organizing is the process of combining the work which individuals or groups have to perform, with the facilities necessary for its execution.
- The function of organizing is to organize the activities and establishing an organization structure to execute the plan.
- Under organizing, the whole project is divided into various small jobs and these jobs are assigned to designated posts.
- It provides suitable administrative structure and facilitates execution of proposed plan.
- Organizing involves departmentalization, establishing span of control, delegation of authority, and establishment of superior-subordinate relationship and provision of mechanism for co-ordination of various business activities.

3. Staffing

- After organizing comes staffing which deploys people on these posts so that jobs can be performed.
- It refers to filling and keeping filled the post with people.
- Staffing consists of recruiting, selecting, appointing the employees, assigning them duties, maintaining cordial relations and taking care of grievances of employees.
- It also includes training and development, deciding their remuneration, promotion, increments, etc. of employees.
- Evaluation of employees' performance and keeping their personal records are also done under staffing function of management.
- 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.
- 'Right man for the right job' is the basic principle in staffing.

4. Directing

- Directing deals with guiding and instructing people to do the work in the right manner.

- Directing is a complex function that includes all those activities which are designed to encourage subordinates to work effectively both in the short and the long run.
- It is leadership which through proper direction makes planning, organizing and staffing meaningful.
- The general workers may be efficient but unless they are properly directed the desired results cannot be achieved.
- Directing is the responsibility of managers at all levels as they have to work as leaders of their subordinates.
- It involves raising the morale of subordinates. It also involves communicating, leading and motivating.
- Directing is a continuous function and is performed at all levels of management.

5. Coordination

- Coordination means bringing together the activities and resources of organization and bringing harmony in them.
- Coordination is the base or primary function of every manager because various departments of an organization are working independently and there is need to relate and integrate their activities.
- Coordination is essential at all levels of management for orderly arrangement of group efforts to ensure unity of efforts.
- 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 organization.

6. Controlling

- Controlling is very important and last function of management.
- Controlling can be defined as comparison of actual performance with the planned performance and applying corrective measures so that the performance takes place according to plans.
- Control is essential for achieving objectives of an enterprise.
- It is not only the last function of management but it is the function which brings back the management cycle to planning.
- Control is not possible without planning and planning is meaningless without control.
- The main purpose of control is to see that the activity is achieving the desired results.