

## 2) principles of management By HENRI

### FAYOL

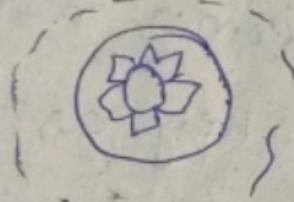
- the term 'principles of management' sounds quite complicated; however, it is merely a set of fundamental truth for effectively and efficiently managing any business organization.
- Fayol developed these principles on the grounds of his findings and experience, which he gained throughout his journey in an iron and coal company.

### 14 principles of Management

1. Division of work.
2. Authority and Responsibility
3. Discipline
4. Unity of command
5. Unity of direction
6. Subordination of individual interest to General interest.
7. Remuneration of personnel

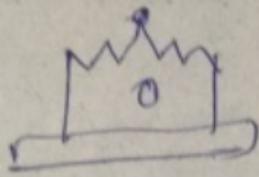
8. The degree of centralization
9. scalar chain
10. order
11. equity
12. stability of tenure
13. initiative
14. esprit de corps

#### I. Division of work



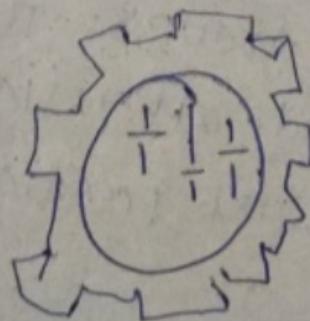
- This principle explains the importance of distinguishing the employees based on their levels of expertise and their knowledge area. For example, categorizing the employee from general to specialist.
- Managers should divide work among individuals and groups. This ensures that effort and attention will be focused on special portions of the work.

## 2. Authority and Responsibility



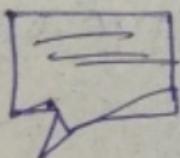
- Fayol defined authority as "the right to give orders and the power to exact obedience".
- The managers should have the power to give orders.
- But they should also remember that with authority comes responsibility.
- These are the two key aspects of management.
- Authority facilitates the management to work efficiently and responsibility makes them responsible for the work done under their guidance or leadership.

## 3. Discipline



- without discipline, nothing can be accomplished
- it is the core value for any project or any project or any management
- Good performance and sensible iteration make the management job easy and comprehensive
- Employee's good behavior also helps them smoothly build and progress in their professional careers.
- This principle state the importance of having obedience.

#### 4) Unity of command

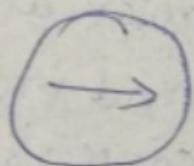


- This means an employee should have only one boss and follow his command.
- If an employee has to follow more than one boss, there begins a conflict of interest and can create confusion.
- This principle clearly defines the need to know where the employee takes the order and whom he must report.
- If an employee receives the order and

from one or more managers, confusion and sometimes conflicts may occur.

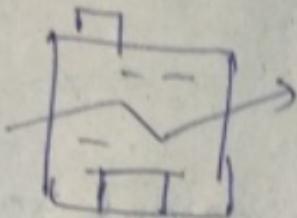
- following this principle reduces the chances of making such mistakes.

### 5) Unity of Direction



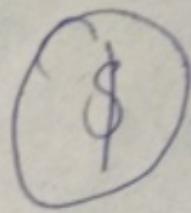
- Closely tied to the unity of command, this principle involves working toward a central business goal.
- Team Should have a clear sense of their goal and use the same processes to achieve them.
- This allows for efforts that save time in the long run.
- The principle of "unity of direction" emphasizes on focus and unity.
- This highlights the fact that all the employees perform a set of activities that finally links to the same objectives.

## 6. Subordination of Individual interest to General Interest



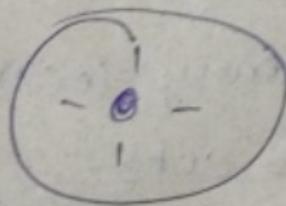
- This indicates a company should work unitedly towards the interest of a company rather than personal interest.
- Be subordinate to the purposes of an organization.
- This refers to the whole chain of command in a company.
- As per Henry Fayol, the personal interest of the individuals in an organization are subordinate to the interest of the organization.
- The main and primary focus is the organizational objects.
- This principle of management is application to all the levels of the organization including the managers.

## 7. Remuneration of personnel



- This plays an important role in motivating the workers of a company.
- Remuneration can be monetary or non-monetary.
- However, it should be according to an individual's effort they have made.
- This principle conveys the importance of remuneration for the employees which promotes motivation and productivity.

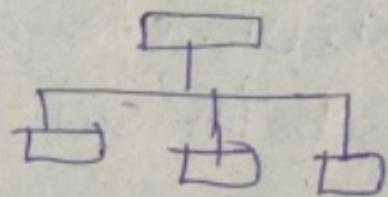
## 8. The degree of centralization



- centralization refers to how involved employees are in the decision-making process.
- Managers should aim for a suitable balance.

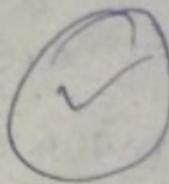
- fayol defined this as "lowering the importance of the subordinate role."
- decentralization means to increase its importance.
- The degree of centralization or decentralization a firm should adopt depends on the specific organization.

### 9. Scalar Chain



- This term refers to an organization's hierarchy.
- fayol posited that each employee should understand his or her position within the larger structure of a business.
- each member of an organization has a certain amount of authority.
- with leadership having the most and entry-level employees having the least.

## 10. order



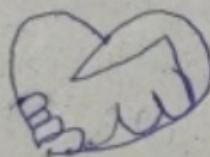
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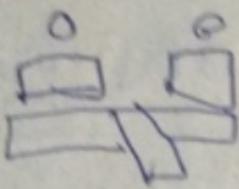
- This principle is about ensuring that the workplace is both safe and orderly.
- It also suggests that employees in the same role should all be treated equally with no favoritism.

## 11. equity



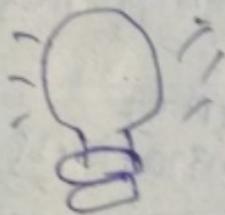
- All employees should be treated equally and respectfully. It's the responsibility of a manager that no employees face discrimination.

12.

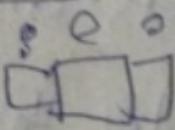


## Stability of Tenure of personnel

- finding that instability is both the cause and effect of bad management
- Payol points out the dangers and cost of unnecessary turnover

13. Initiative

- The manager must motivate his subordinates to think and take actions to execute the plan
- They must be encouraged to take initiatives as this increases the zeal and energy among the individuals

14. esprit de corps

This principle is all about developing a sense of unity or "team spirit" among employees. By creating a positive company culture, managers can maintain a high level of job satisfaction.

## Q2. Skills and Roles of a Manager

The skills required for a good manager →

- Technical Skills →

Knowledge and proficiency in activities involving methods, processes and procedures. It includes analytical ability and ability to use appropriate tools and techniques

- Human skill →

Ability to work with people, cooperative effort, teamwork etc.

It is the people skills that enable leaders to work effectively with subordinates, peers and superiors.

- Conceptual Skill →

Involves the ability to see the "big picture"

Leaders with higher levels of Conceptual skills are good at thinking through the ideas that form an organization and its vision for the future.

- Diagnostic Skill →

Ability to determine, by analysis, the nature and circumstances of a particular condition.

The 3 main Categories of Managerial Roles include the following →

- \* Interpersonal Roles
- \* Informational Roles
- \* Decisional Roles

### INTERPERSONAL ROLES →

Interpersonal roles involve providing leadership to employees, acting as liaison between groups, networking and fostering relationships.

- Figurehead → A figurehead is responsible for social and legal matters, they represent the company in a professional manner
- Leader → This includes all aspects of being a good leader such as creating an environment, motivating, inspiring and coaching a team etc.
- Liaison → Involves developing and maintaining a network with people both inside and outside the organization and relaying necessary information.

## INFORMATIONAL ROLES →

Involves gathering information inside and outside the organization and sharing information.

- Monitor → A monitor seeks information within and outside the company regarding the issues that are affecting the organization.
- Disseminator → On receiving any important information from within or outside the organization, the same must be disseminated or transmitted within the organization to subordinates and employees.
- Spokesperson → The spokesperson transmits information about the organization to people inside or outside the organization, thereby acting as a spokesperson for the organization or representing the organization.

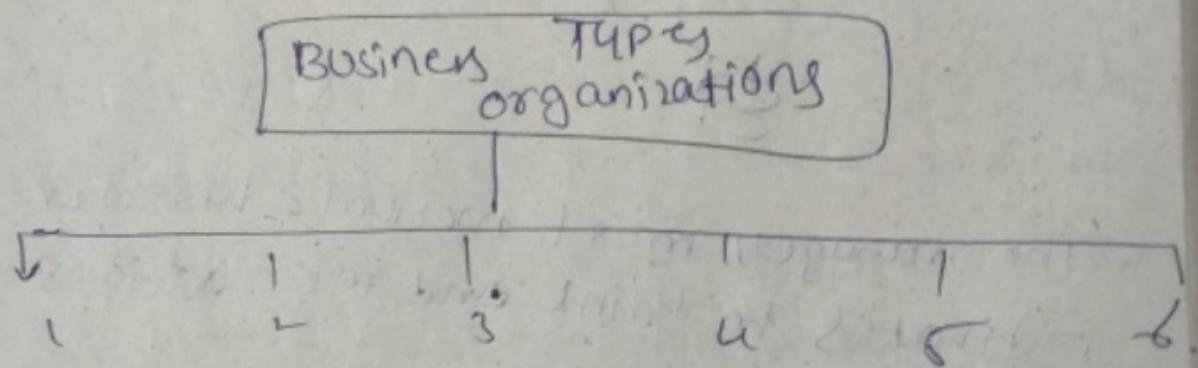
## DECISIONAL ROLES →

Involves facing an endless stream of information decision, some of which need to be made on the spot.

- Entrepreneur → An entrepreneur inspires change and innovation, and creates and implements new ideas.
- Disturbance Handler → A disturbance handler responds to situations that are beyond his or her control. They take corrective action when the organization faces unexpected difficulties which are important in nature.
- Resource allocator → Responsible for the optimum allocation of the organization's resources such as time, equipment, funds, human resources etc.
- Negotiator → Includes representing the organization in negotiations which affects the manager's scope of responsibility.

### 3) Types of Business organizations

1. sole proprietorships
2. partnerships
3. corporations
4. joint stock company
5. public corporations
6. Government companies.



#### 1. Sole proprietorships

- owned by one person - has day to day responsibility of running the business.
- owns all assets and profits but also responsible for liabilities and losses.
- Has complete control and makes all decisions - keep or re-invest

- total risk on business and personal assets.

- law does not distinguish between the business and the owner.
- limited to using funds obtained by personal means.
- easy to dissolve when desired.

## 2. Partnerships:-

- two or more people share the ownership of a single business.
- partners should have legal agreement regarding assets and decisions.
- easy to establish partnerships and high ability to raise funds.
- partners are liable for the actions of the other partners.
- profits are to be shared.
- dissolving of business is not easy.

## 3. Corporations

- owned by a group of shareholders.
- is a separate entity apart from the owners. can be formed and dissolved.

- Does not dissolve when ownership changes.
- Shareholders have limited or no liability for the corporation's liability through sale of stock.
- can raise funds through sale of stock.
- Have more paperwork to comply with regulations.
- Higher overall taxes.

#### 4. Joint Stock company:

- owned by shareholders; managed by Board of Directors.
- private limited - formed by two persons upto 50.
- Transfer of shares limited to members only.
- Government does not interfere in the working.
- Public limited, membership open to general public.
- No liability risk to shareholders and any risk of loss is divided.
- Difficult to preserve secrecy.
- large amounts of legal formality.

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### 5. public corporations:-

- wholly owned by the Government
- established usually by a special act of the parliament
- total capital provided by Government but are separate entities.
- good benefits and working conditions for employees.
- no particular efforts for adopting new techniques or improvements.

### 6. Government Companies:-

- Share Capital held wholly or partly by central government.
- easy to form
- Directors are free to take decisions and are not bound by certain rigid rules and regulation
- Misuse of excessive freedom
- Directors spend time in pleasing the "government"