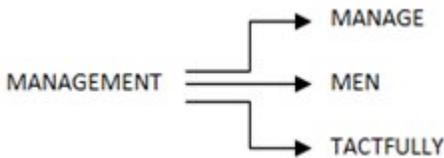


PRINCIPLES OF MANAGEMENT



Importance of Management

- (1) **Achieving Group Goals** : Management creates team work and coordination in the group. Managers give common direction to the individual efforts in achieving the overall goals of the organization.
- (2) **Increases Efficiency** : Management increases efficiency by using resources in the best possible manner to reduce cost and increase productivity.
- (3) **Creates Dynamic organization** : Management helps the employees to overcome their resistance to change and adapt as per changing situation to ensure its survival and growth.
- (4) **Achieving personal objectives** : Management helps the individuals to achieve their personal goals while working towards organizational objectives.
- (5) **Development of Society** : Management helps in the development of society by producing good quality products, creating employment opportunities and adopting new technology.

CONCEPT MAPPING

Concept : Principles of management are **general guidelines** which can be used under certain situations.

Nature : (a) Universal applicability (b) Formed by practice (c) Flexible (d) Mainly behavioural (e) Cause and effect relationships (f) general guidelines contingent

Importance: (a) useful insights into reality (b) optimum utilisation of resources (c)

scientific decisions (d) meeting changing environment (e) management training and research (f) fulfilling social responsibility

Fayol's Principles : (1) Division of work (2) Authority and Responsibility (3) Discipline (4) Unity of command (5) Unity of direction (6) Subordination of individual interest to common interest (7) Remuneration (8) Centralization and Decentralization (9) Scalar chain (10) Order (11) Equity (12) Stability of tenure (13) Initiative (14) Esprit de Corps

KEY CONCEPTS IN A NUTSHELL:

1. MEANING: - The principles are broad statement of fundamental truth which provide general guide lines for management decision and action. These guidelines are derived through experimentation and observation

2. NATURE OF PRINCIPLES OF MANAGEMENT

1. Universal application - can be applied to all kind of organisations, irrespective of their size and nature.

2. General guidelines - the formulated guidelines to action which need to be adjusted and used as per the demands of the situation.

3. Formed by practice and experimentation - derived through experimentation and Observation.

4. Flexible - principles are not rigid like science but are modified according to the business environment needs.

5. Behavioural - the principles aim to influence the unpredictable, complex and dynamic human behaviour.

6. Cause and effect relation - they aid in predicting the outcome of management actions.

7. Contingent - the management principles are dependent upon the prevailing Conditions/situations at that particular time hence amended accordingly.

FAYOL'S PRINCIPLES OF MANAGEMENT

- 1. Division of labour** - work could be divided into small specialised task and performed by a trained specialist
- 2. Authority and responsibility** - there must be a right balance between authority (right to give orders) and responsibility (obligation to perform the assigned task).
- 3. Discipline** - obedience to organisation rules and employment agreement.
- 4. Unity of command** - receive orders from one boss.
- 5. Unity of Direction** - all the units of the organisation should aim and move towards achieving the organisational goal.
- 6. Subordination of individual interest to general interest** - the organisation interest to be prioritised over individual interest.
- 7. Remuneration** - pay should be fair and satisfying to both employee and the organisation.
- 8. Centralisation and decentralisation** - there should be a proper balance between centralisation (concentration of decision making powers with top management) and decentralisation (dispersal of decision making power among more than one person).
- 9. Scalar chain** - orders or communication should pass from top to bottom and follow the official line of command.
- 10. Orders** - A place for everything/ everyone and every one in its place
- 11. Equality** - kindness, empathy and justice in the behaviour of manager towards workers.
- 12. Tenure stability** - frequent displacement of employee from their position should be avoided. They should be given sufficient time to show their results
- 13. Initiative** - Employees to be encouraged to develop and carry out their improvement plans
- 14. Espirit de corps** - need for team work, spirit and harmony.