

***PRINCIPLES OF***

***MANAGEMENT***



# PRINCIPLES OF MANAGEMENT

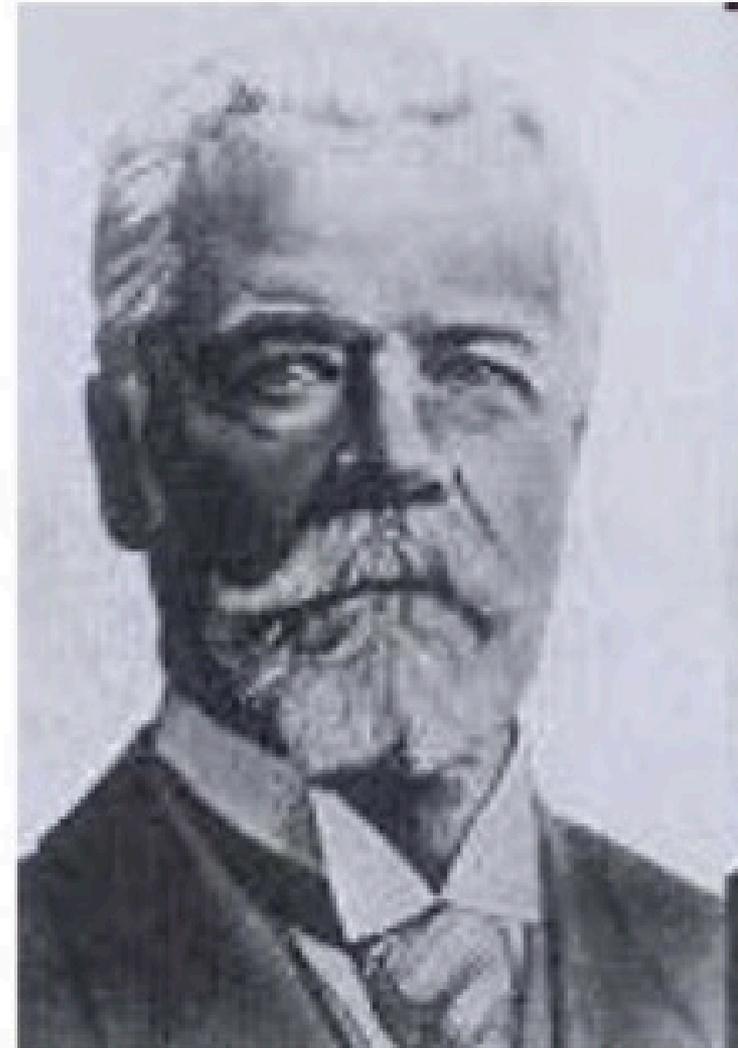
## MEANING

**The principles** are broad statement of fundamental truth which provides guide lines for management decision and action. These guidelines are derived through experimentation and observation

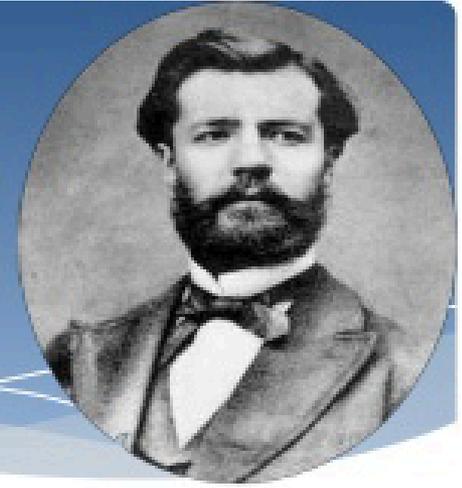


# HENRI FAYOL

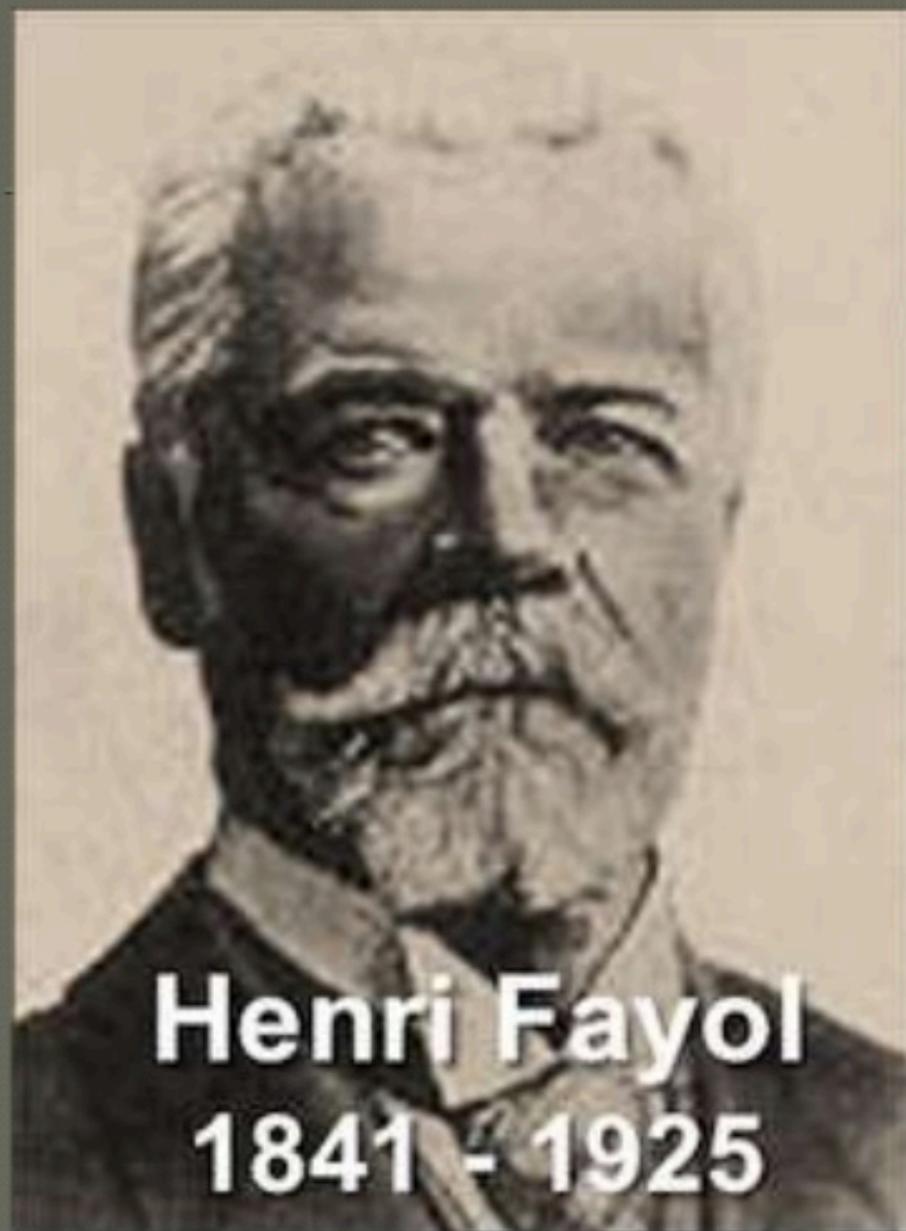
- **Henri Fayol (1841-1925)**
  - General and Industrial Management
  - Principles and Elements of Management
  - how managers should accomplish their managerial duties
  - PRIMARY FOCUS: Management
  - (Functions of Administration)
  - More Respect for Worker than Taylor
    - Workers are motivated by more than money
    - Equity in worker treatment
  - More PRESCRIPTIVE



# HENRY FAYOL(1841- 1925)



- Henri Fayol was a French mining engineer.
- Later he turned out to be a leading industrial and successful manager.
- He wrote a monograph in French in 1916 titled “General and Industrial Administration”.

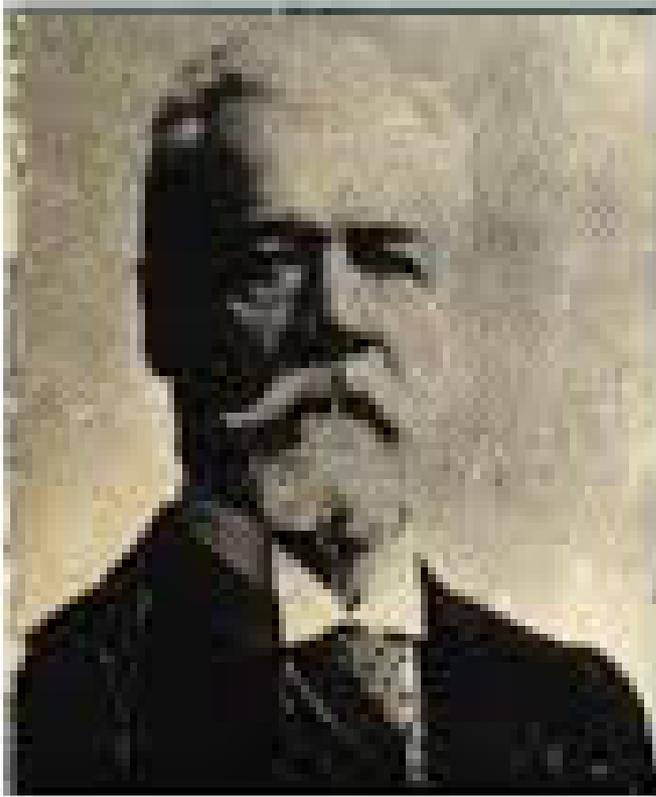


**Henri Fayol**  
**1841 - 1925**

▶ HENRY FAYOL

▶ (FATHER OF  
GENERAL  
ADMINISTRATION)

- Henri Fayol(1841-1925)



Father of  
modern operational  
management theory



# Henri Fayol's – 14 Principles of Management

# 14 Principles of Henry Fayol

▶ Division of Work

▶ Authority and Responsibility

▶ Discipline

▶ Unity of Command

▶ Unity of Direction

▶ Interest

▶ Remuneration

▶ Centralization

▶ Scalar Chain

▶ Order

▶ Equity

▶ Stability of Tenure

▶ Initiative

▶ Esprit De Corp

***Each worker has  
a specific task***



# DIVISION OF WORK



- ▶ Work should be divided among individuals and groups to ensure that effort and attention are focused on special portions of the task.
- ▶ Fayol presented work specialization as the best way to use the human resources of the organization.

# *Division of Labor and Specialization*

- Division of Labor

When work is arranged so that individual workers do fewer tasks than before.

- Specialization

When factors of production perform tasks that they can do relatively more efficiently than others.

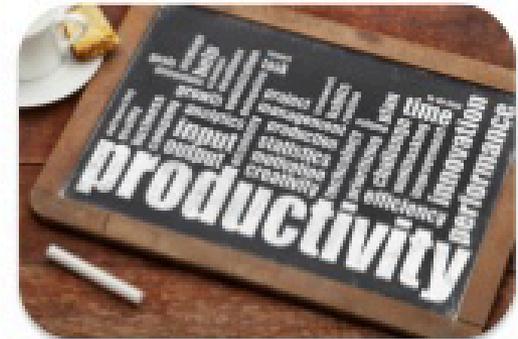


# The Division of Labour

- The **division of labour** occurs where production is broken down into many **separate tasks**.
- Division of labour can raise **output per person** as people become proficient through constant repetition of a task
- This is called **“learning by doing”**.
- This gain in productivity helps to lower the **supply cost per unit**
- Reduced supply costs in theory lead to lower prices for consumers of goods and services causing gains in economic welfare



Specialisation of task in the production process.....



Can lead to higher output per person / per hour worked

# Authority And Responsibility

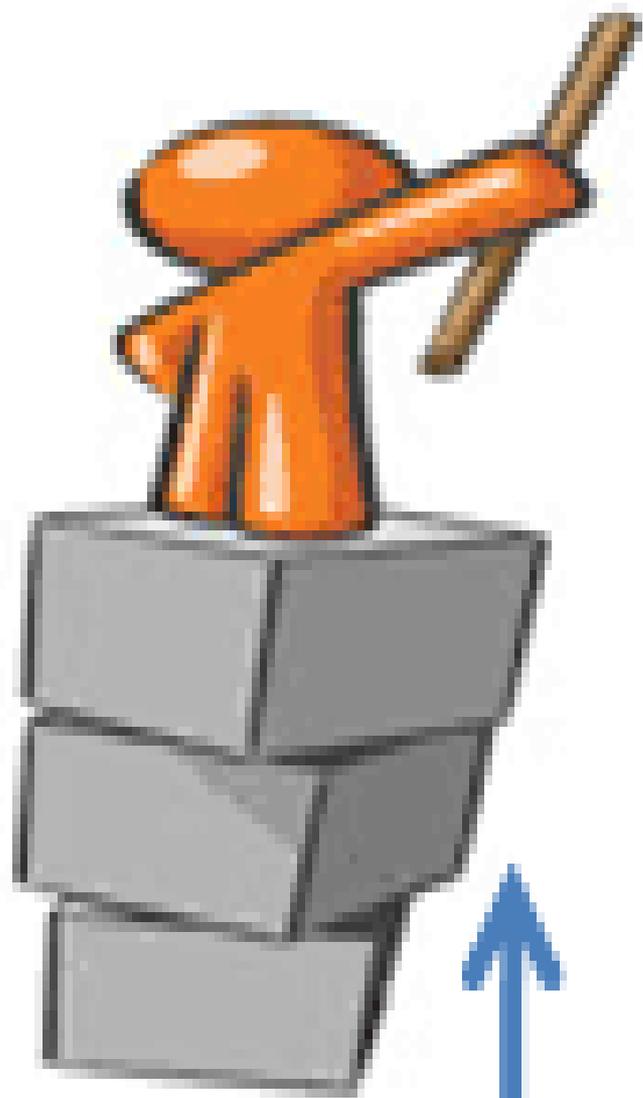
## 2. AUTHORITY AND RESPONSIBILITY

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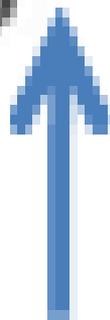
- Authority is the **right to give orders** and obtain obedience, and **responsibility** is the corollary of authority.



<http://www.referenceforbusiness.com/management/Log-Mar/Management-Levels.html>



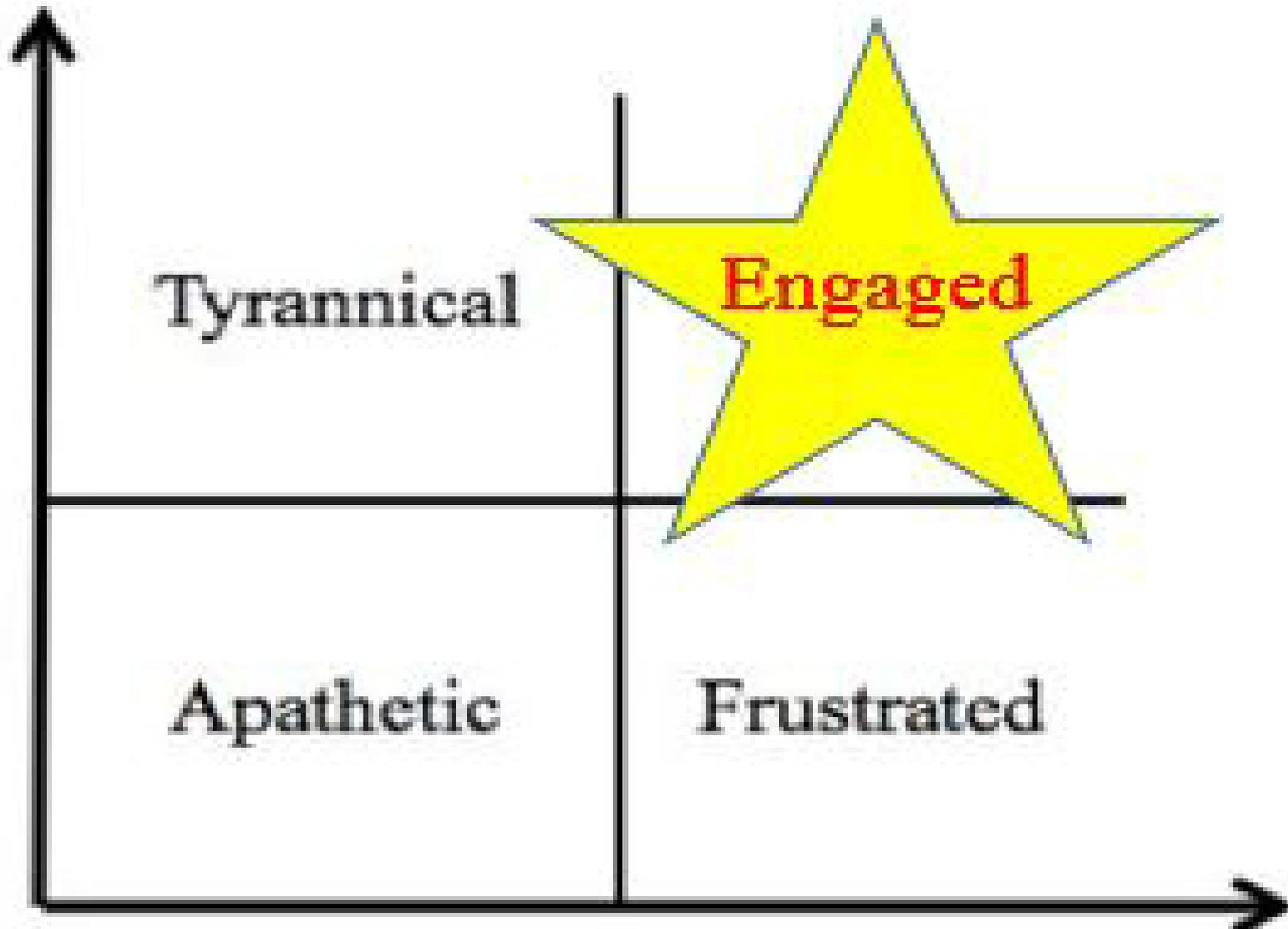
Authority



Responsibility



Authority



Tyrannical

**Engaged**

Apathetic

Frustrated

Responsibility

Principle : 3

#Discipline???



# Discipline

Discipline refers to general rules , regulation for systematic working of an organisation.

It doesn't mean only rules and regulation but it also means developing commitment in the employees towards organisation . It also means obedience to organisational rules that are necessary for functioning of an organisation. It includes –

- Good supervision at all level
- Clear and fair agreement
- Application of penalties judiciously

Employees must honor the commitment made by them and management must meet its promises. On one hand it enforces orderliness and motivates on other side.



# 3. DISCIPLINE

## Concept:

Discipline is the obedience to organizational rules and employment agreement

Positive Effect: Better labor-management relations

Violating Effect: Height of disorder



# 4

## UNITY OF COMMAND



**Workers should receive orders from only one manager.**



# Unity of Command

*An employee is responsible to only one supervisor, who in turn is responsible to only one supervisor, and so on up the organizational hierarchy*



# 5. UNITY OF DIRECTION

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- directed by one manager using one plan for achievement of one **common goal**.
- Particular activity must be **directed with single plan**.





# Unity of Direction

Efforts of all the members and employees of an organisation must be directed towards one direction that is achievement of common goal. This helps in bringing unity of action and coordination in an organisation. Each department and groups having common objective must have one head and one plan only.

All the units of an organisation should be moving towards the same objectives through coordinated and focused efforts. Positive effects are –

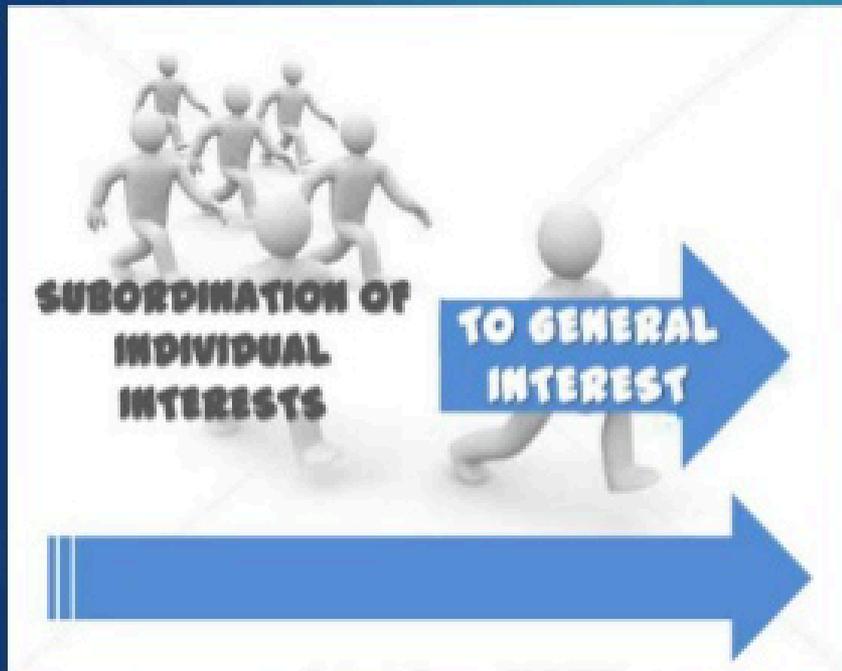
- Achievement of organisation goal
- Efforts of all the employees get unified towards one direction only.



**SUBORDINATION OF  
INDIVIDUAL INTEREST  
TO GENERAL INTEREST.**

**( HENRY FAYOL )** 😊

# SUBORDINATION OF INDIVIDUAL INTERESTS TO THE GENERAL INTERESTS



- ▶ The interests of one person should not take priority over the interests of the organization as a whole.

## 6. Subordination of Individual interest to general interest

- Interest of one person should not get priority over the interest of group or organization.



# Sub-Ordination of Individual Interest to General Interest

- An organization is much bigger than the individual
- As far as possible, reconciliation should be achieved between individual and group interests.
- Case of conflict, individual must sacrifice for bigger interests
- In order to achieve this attitude
  - Employees should be honest & sincere.
  - Proper & regular supervision of work.
  - Reconciliation of mutual differences



# REMUNERATION OF PERSONNEL



# REMUNERATION DEFINITION



# 7. REMUNERATION

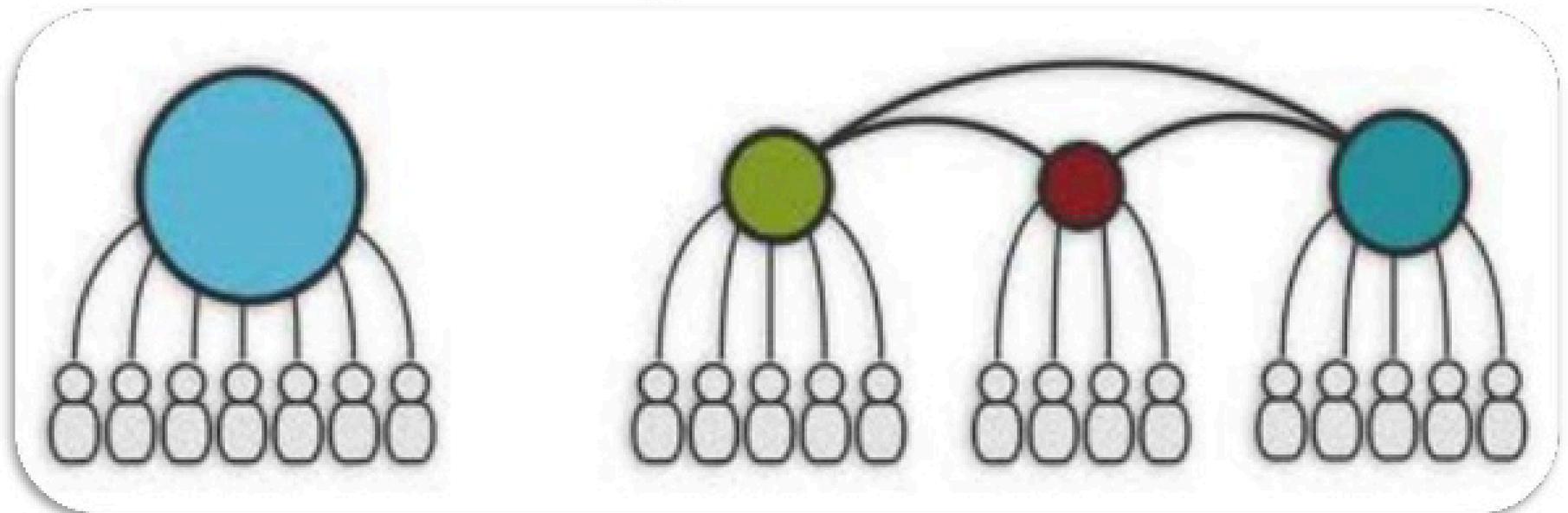
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- All Workers must be paid a **fair wage** for their services.
- Value of the employee.



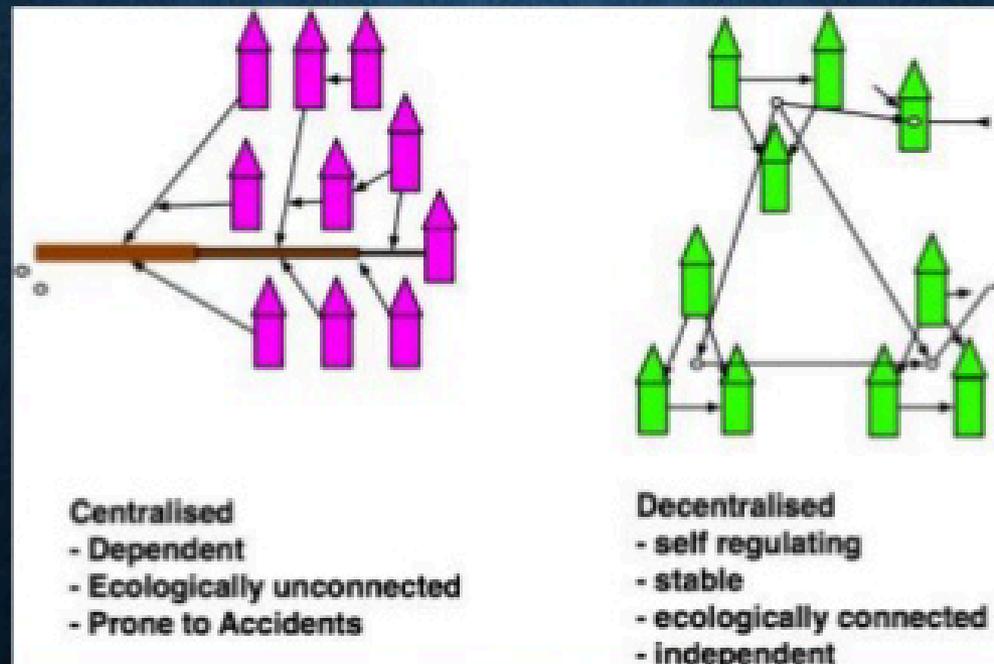
# Centralization & Decentralization

- **Centralized organization:** the authority to make important decisions is retained by top level managers
- **Decentralized organization:** the authority to make important decisions is delegated to managers at all levels in the hierarchy



# 8. CENTRALIZATION (OR DECENTRALIZATION)

This is a matter of degree depending on the condition of the business and the quality of its personnel.



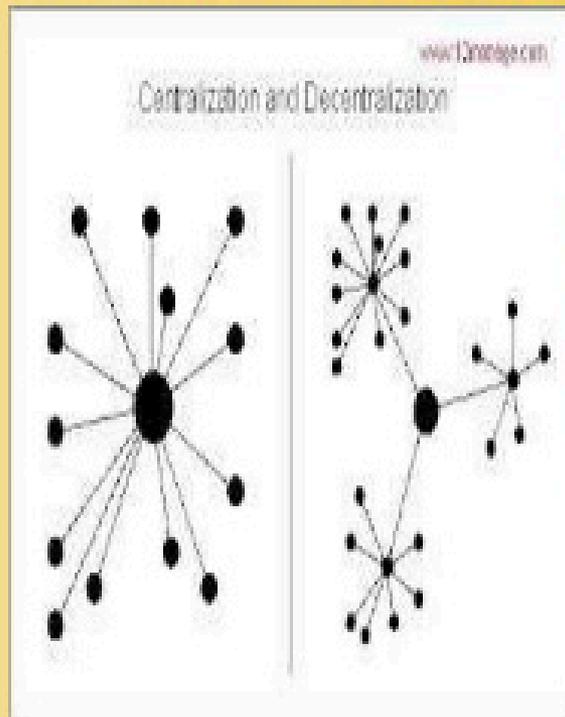
# Centralisation & Decentralisation

Centralisation refers to concentration of authority in few hands at the top level.

Decentralisation means evenly distribution of power at every level of management.

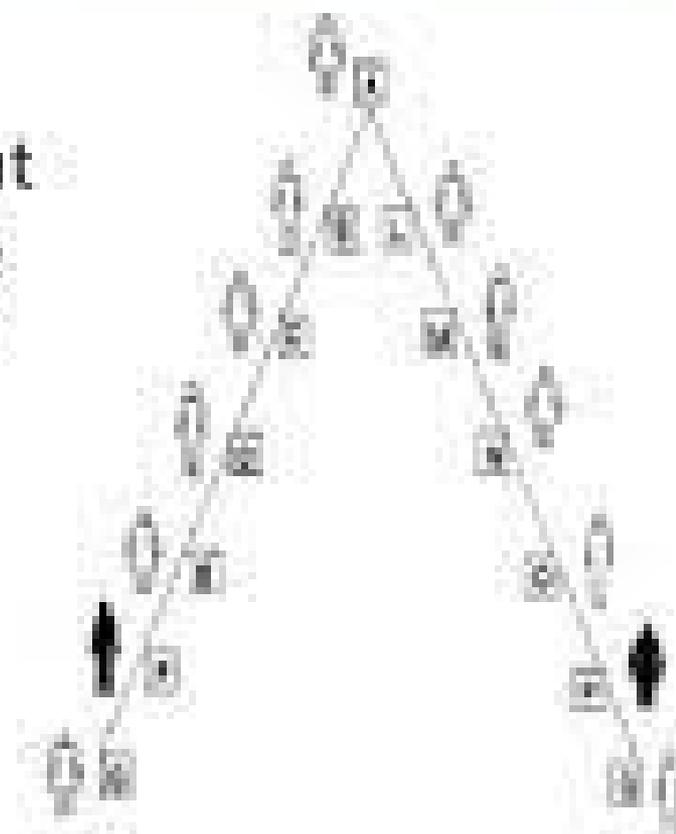
According to Fayol, a company must not be completely centralised or completely decentralised but there must be both depending upon the nature and size of the organisation. A company must be properly balanced i.e.; it should not be completely centralised or decentralised. This principle leads to positive effects that are –

- I. Fast decision at operational level and strict control by top level
- II. Benefits of centralisation as well as decentralisation.



# Scalar Chain

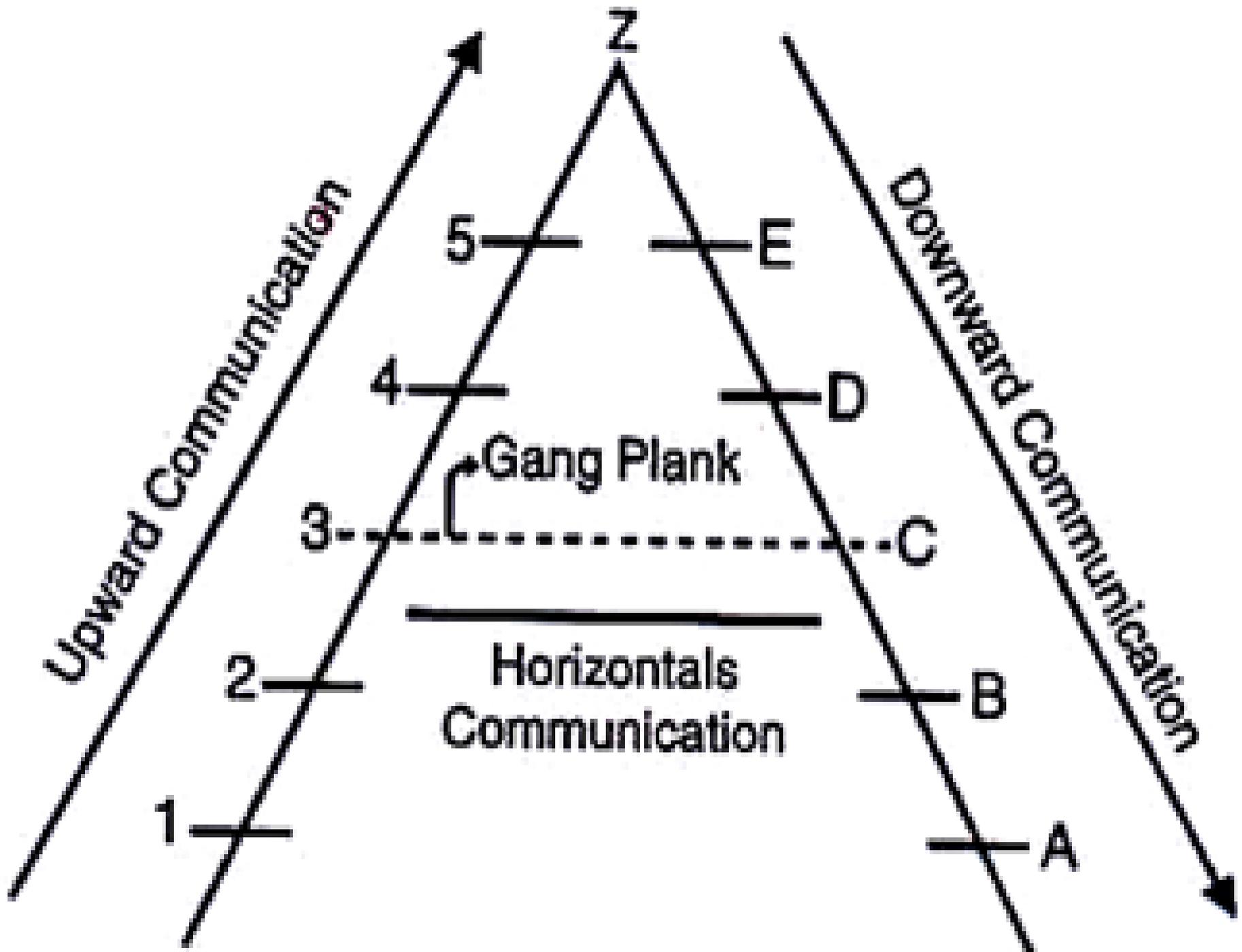
- **Scalar chain** is the formal line of authority which moves from highest to lowest rank in a straight line. This chain specifies the route through which the information is to be communicated to the desired location/person.





# SCALAR CHAIN

- What does scalar chain refers to?
  - Scalar chain principle refers to the line of authority or command for the purpose of communication from the top level to the lowest level of executives.



# 10. ORDER

Both material order and social order are necessary. The former minimizes lost time and useless handling of materials. The latter is achieved through organization and selection.



# 10. ORDER

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- This principle is concerned with **systematic arrangement** of men, machine, material etc.
- There should be a **specific place** for every employee in an organization.



# □ Equity.

- Managers should be kind and fair to their subordinates.



# 11. EQUITY

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- Managers should be **kind** and **fair** to their subordinates.
- There must **not** be partiality in **transfers, promotions,** etc.



## 12. STABILITY OF TENURE OF PERSONNEL

Employees work better if job security and career progress are assured to them. An insecure tenure and a high rate of employee turnover will affect the organization adversely.



# Stability of Personnel

Employees turnover should be minimized to maintain organisational efficiency. In an organisation the employees should be selected and appointed after following a due and rigorous procedure. Once they are appointed they should be for fixed period.

Management must provide the feeling of job security among the employees because with the feeling of insecurity they can't contribute to maximum. Frequent turnover of employees is bad for organisation and should be done when necessary. Not only turnover but frequent transfer or rotation should be avoided as it takes some time for a person to learn and settle for the job and it also reduces wastage of time and money



# 8. *Initiative*

- ❖ Initiative means eagerness to initiate actions without being asked to do so.
- ❖ Management should provide opportunity to its employees to suggest ideas, experiences & new method of work.



IF YOU DON'T TAKE A CHANCE, YOU DON'T STAND A CHANCE.

# INITIATIVE



- ▶ Management should take steps to encourage worker initiative, which is defined as new or additional work activity undertaken through self direction.

# ESPRIT DE CORP



# 14. ESPRIT DE CORPS

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- Promoting **team spirit** will build harmony and unity within the organization.
- **Loyalty, dedication** and commitment.



# 12.Esprit de corps

- ***IT IMPLIES TEAM SPIRIT.***
- ***MUTUAL UNDERSTANDING, TRUST AND CO-OPERATION AMONG THE EMPLOYEES LEADS TO TEAM SPIRIT.***
- ***IT LEADS TO SYNERGY.SYNERGY MEANS EFFECT OF TWO PEOPLE WORKING TOGETHER IS MORE THAN SUM OF THE INDIVIDUALS EFFECT.***
- ***EXTENSIVE FACE TO FACE VERBAL COMMUNICATION PROMOTES TEAM SPIRIT.***



# *The Principles of Scientific Management*



Frederick Winslow Taylor

# Principles of Scientific Management

Given by FW Taylor  
In Hindi



Tarun Arora Classes



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Tarun Arora Classes

## SCIENTIFIC MANAGEMENT:-

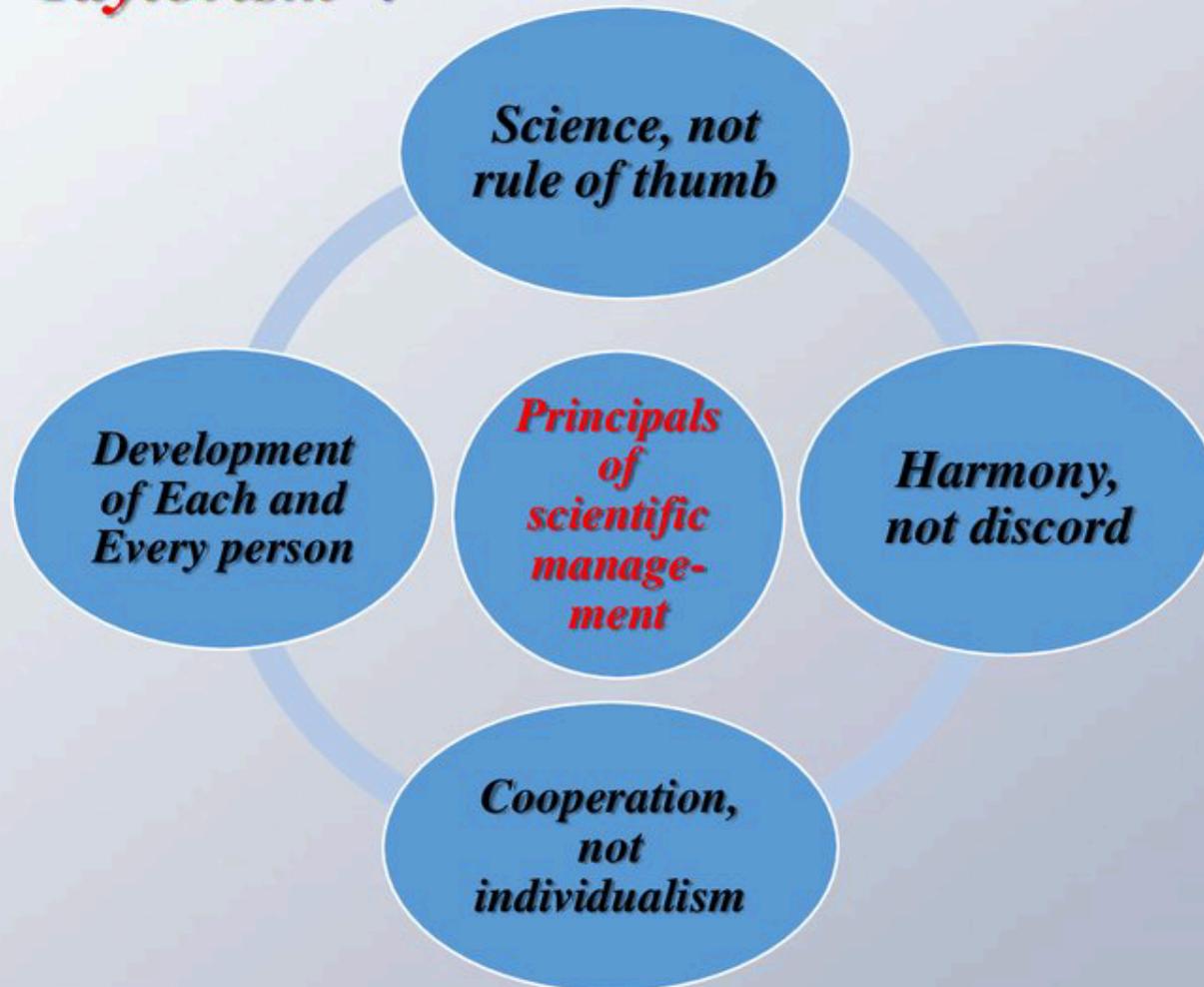
“It is the art of knowing exactly what is to be done in the best and the cheapest way.”

# Fredrick Winslow Taylor

- One of the first contributors to Motivation Theory
- Formulated the Scientific Principles of Management with which he sought to improve industrial efficiency
- A mechanical engineer himself, he tried to establish a theory for what could improve worker and industry efficiency
- He suggested that workers are primarily motivated by **pay**, and probably just pay alone.

# Taylorism

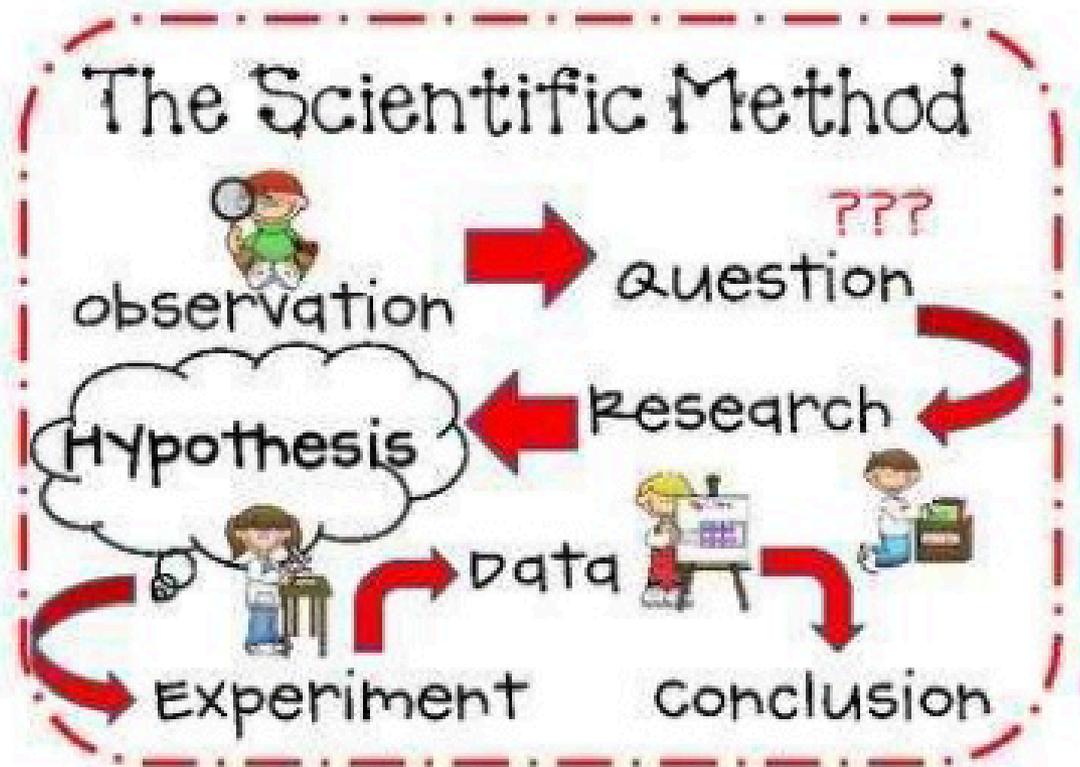
Taylor developed four principles of scientific management - are also known simply as "**Taylorism**".





# I – SCIENCE NOT RULE OF THUMB

Replace working by "rule of thumb," or simple habit and common sense, and instead use the scientific method to study work and determine the most efficient way to perform specific tasks.



Principle: **SCIENCE, NOT RULE OF THUMB**. ... This principle is all about the use and application of scientific methods and techniques in performing the activities. **'Rule of Thumb'** means the application of traditional methods or the methods decided by the manager based on his past experience.

# Harmony Not Discord



# Harmony not a discord

- Harmony focuses on the unity of action while discord means different approach
- Owners and workers have different interest
- Manage has to cope with the interest of both to maintain unity, to avoid the difference in work in any organization

- II – Harmony, not discord

Taylor emphasized that harmony rather than discord should be obtained in group action.

Harmony means that a group should work as a unit and contribute to the maximum.

Within it there should be mutual give and take situation and proper understanding.



dreamstime.com

### III – COOPERATION NOT INDIVIDUALISM

Monitor worker performance, and provide instructions and supervision to ensure that they're using the most efficient ways of working as a **UNIT**.



- ▶ Development of each & every person to his/her Greatest efficiency & prosperity: The efficiency of each & every person should be taken care of right from his selection. A proper arrangement of everybody's training should be make.

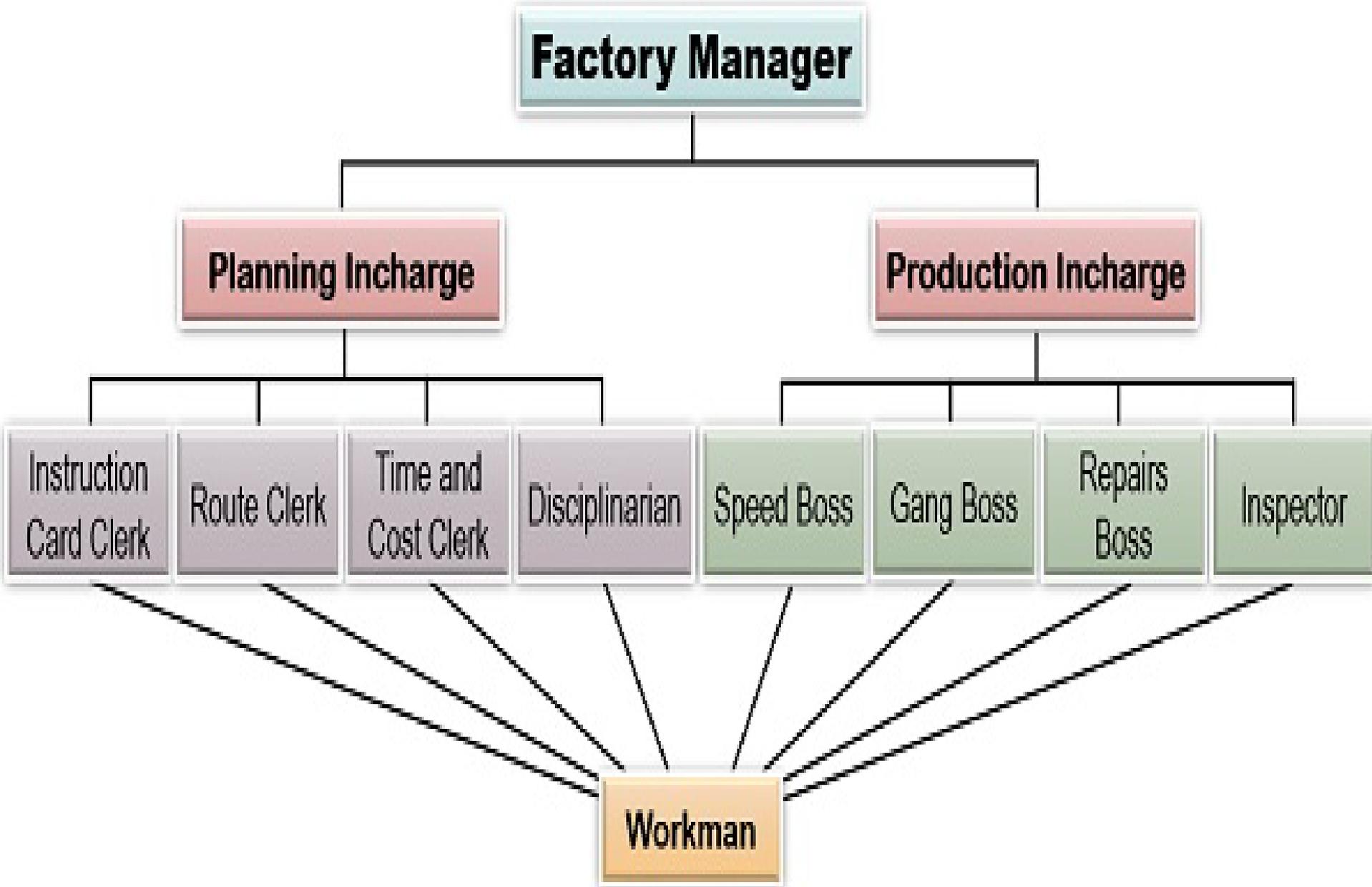
## **to His / Her Greatest Efficiency and Prosperity**

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- ***Need of developing each and every individual in the organization to his / her greatest efficiency through proper training.***
- ***Workers should be selected in a scientific manner and not merely by will, relation or personal preferences of the superiors.***
- ***For better performance workers should be trained timely and on continuous basis***

# Techniques of Scientific Management

# FUNCTIONAL FOREMANSHIP



## STANDARDIZATION

- It is the process of establishing basic specifications for a set of commonly used characteristics of size, shape and performance for products.

## SIMPLIFICATION

- It is defined as the elimination of superfluous varieties, sizes, dimensions, features etc., making the design, assembly or product simpler, less complex and less difficult to use.

Motion  
Study

Method  
Study

Work  
Study

Time  
Study

Fatigue  
Study

# 7. DIFFERENTIAL PIECE WAGE SYSTEM



## **Taylor Differential Piece Rate System**

**Under the Taylor Differential Piece Rate System, there are two piece wage rates: a low rate for output below standard performance and a higher rate applicable to workers where production is above standard. The efficiency of a worker may be determined as a percentage of (i) time allowed for a job to the actual time taken or (ii) actual output to standard output within a specified time.**

# MENTAL REVOLUTION

*The basic idea behind the principles of scientific management is to change the mental attitude of workers and the management towards each other.*



## 8. Mental Revolution

Scientific management aims at revolutionising the minds of both the workers and the management in such a way that the workers start feeling that the enterprise is their own and they put their heart and soul in the work assigned to them. Management and workers should have mutual respect and work in co-operation.



# Fayol Vs Taylor Theory of Management

# COMPARISON TABLE

BASIS	HENRI FAYOL	F.W. TAYLOR
MEANING	Henry Fayol, is a father of modern management who laid down fourteen principles of management, for improving overall administration.	F.W. Taylor, is a father of scientific management who introduced four principles of management, for increasing overall productivity.
CONCEPT	General theory of administration	Scientific Management
EMPHASIS	Top level management	Low level management
APPLICABILITY	Universally applicable	Applies to specialized organizations only.
BASIS OF FORMATION	Personal Experience	Observation and Experimentation
ORIENTATION	Managerial function	Production and Engineering
SYSTEM OF WAGE PAYMENT	Sharing of profit with managers.	Differential Payment System
APPROACH	Manager's approach	Engineer's approach