

Principles of management

Principles of Management: are the statements of fundamental truth which provide guidelines for managerial decision making and action i.e. they act as guidelines for the practice of management.

Nature of Principles of Management:

1. **Universal Applicability:** principles of management can be applied to any type of organisation irrespective of its type, size and locality.
2. **General Guidelines:** these are general guideline to action but do not provide readymade solution of all the business problems.
3. **Formed by Practice and Experimentation:** these are developed by the collective wisdom of several managers and their experimentation and observations.
4. **Flexible:** as these are general guidelines which can be changed according to the business requirement and environment conditions.
5. **Mainly Behavioural:** as a manager deals with different type of people these principles, enables a better understanding of the relationship between human and material resources.
6. **Cause and Effect Relationships:** it tells us if particular principle was applied in a particular situation, what would be its likely effects.
7. **Contingent:** the outcome of these principles are not certain, it depends on different factors prevailing at the time of applications

Importance of Principles of Management:

1. **Providing Managers with Useful Insight into Reality:** helps in understanding real life managerial situations and circumstances, enables them to learn from past mistakes.
2. **Optimum Utilisation of Resources:** ensures optimum utilisation of resources by reducing the wastage due to use of hit and trial method.
3. **Scientific Decisions:** ensures that the decisions are thoughtful and justifiable.
4. **Meeting Changing Environment Requirements:** as these principles are flexible it enables the manager to change it according to requirements of changing environment.

5. **Management Training Education and Research:** these principles are used in management training.

Henry Fayol was known as father of management.

Principles of Management Developed by Henri Fayol:

1. **Division of Work:** According to this principle, the entire work should be divided into different tasks and instead of assigning the entire work to one person, that should be assigned to one person according to his competence, qualification and experience.
2. **Authority and Responsibility:** Authority is the right of a superior to give orders to his subordinates and obtain obedience. Responsibility means obligation to carry out an assigned job on time. There should be balance between the two.
3. **Discipline:** In management discipline means obedience, respect of authority and complying with the rules and regulations of the organisation.
4. **Unity of Command:** This principle states that a subordinate should receive orders/instructions from only one superior at a time and that subordinate should be accountable only to that superior.
5. **Unity of Direction:** Unity of direction states that there should be "ONE HEAD AND ONE PLAN" for a group of activities having the same objective.
6. **Subordination of Individual Interest:** An organisation is superior to its individual employees. The interest of the organisation must be given priority over the interest of the individuals or employees.
7. **Remuneration of Employees:** This principle states that remuneration payable to employees should be fair, equitable and reasonable so as to give maximum amount of satisfaction to both the employees and the organisation.
8. **Centralisation and Decentralisation:** Centralisation means the concentration of authority at the top management. On the other hand, decentralisation means sharing of authority at all levels of management.
9. **Scalar Chain:** Scalar chain refers to the formal lines of authority or chain of superiors from highest to lowest rank. Gang plank: is a shorter route in a scalar chain which permits two persons at the same level to communicate directly with each other.
10. **Order:** This principle states that in an organisation there should be a place for everyone and everything and that everyone/everything should be at its right place.

11. **Equity:** This principle suggests that managers should be fair and impartial while dealing with their subordinates.
12. **Stability of Tenure of Personnel:** The period of service in a position should be fixed and employees should not be moved or rotated from their positions very frequently, enabling them to contribute to their fullest.
13. **Initiative:** Workers should be encouraged to develop and carry out their plans for improvement.
14. **Esprit de Corps:** Esprit de corps means team spirit or harmony in group effort and mutual understanding among employees.

Scientific Management:

Frederick Winslow Taylor was the known as father of Scientific Management.

Principles of Scientific Management:

1. **Science, not Rule of Thumb:** According to this principle, Taylor stressed that each job performed in the organisation should be based on scientific enquiry and not on intuition, experience and hit and miss methods.
2. **Harmony, not Discord:** This principle suggests that there should be complete harmony and proper understanding between management and workers and they should work together for achieving organisational goals.
3. **Cooperation, not Individualism:** This principle states that there should be complete cooperation between management and workers, management should share gains with workers, and workers should also cooperate and do not resist against good changes.
4. **Development of Each and Every Person to his or her Greatest Efficiency and Prosperity:** Taylor insisted that due care should be taken while selecting the employees and after selection, they must be given jobs according to their qualifications, physical, mental and intellectual capabilities. The selected employees must be sent for training from time to time to improve their skills and work performance.
5. **Maximum, not Restricted Output:** This principle suggests that both the management and workers should try to achieve maximum output instead of restricted output.

Techniques of Scientific Management:

1. **Functional Foremanship:** Functional foremanship states that the task of supervision is divided into several specialised functions and each function is entrusted to a specialist foreman. Taylor advocated separation of planning and execution function.
2. **Standardisation and Simplification of Work:** Standardisation is the process of setting standards for every step of business operation. Simplification refers to eliminating superfluous (unwanted) verities, sizes and dimensions.
3. **Work Study:** Work study is a systematic, objective and critical examination of all factors relating to work so as to maximize efficiency. It includes the following techniques:
 - a. **Method Study:** Method study refers to finding out one best way of doing a particular job.
 - b. **Motion Study:** Motion study is the technique used to identify unnecessary movement done while working, to remove it, for better efficiency.
 - c. **Time Study:** Time study is the technique used to measure the standard time taken by a worker of reasonable skills and ability to perform a given task.
 - d. **Fatigue Study:** Fatigue study seeks to determine the amount and frequency of rest intervals required in completing a task.
4. **Differential Piece Wage System:** Differential piece wage system is a method of wage payment in which efficient and inefficient workers are paid at different rates.
5. **Mental Resolution:** Mental revolution means a complete change in the attitude or mindset of workers and management towards each other from competition to cooperation.