14 PRINCIPLES OF MANAGEMENT

Henri Fayol
1841 - 1925
Division of Work

1. The entire work is divided into small tasks/jobs and each task/job is performed by a trained specialist.

2. According to Fayol, “The intent of division of work is to produce more and better work from the same effort. Specialization is the most efficient way to use human effort.”

3. According to this principle, work can be performed more efficiently if it is divided in different tasks and each task is then performed by a specialist or trained worker. It is on the basis of this principle that one can find separate departments for finance, production, marketing, human resource etc. in an organization.
AUTHORITY AND RESPONSIBILITY

1. Authority means power to take decisions and responsibility means obligation to carry out an assigned job.

2. According to Fayol, there should be a balance between authority and responsibility e.g. if any employee has been assigned any responsibility, he must be given sufficient authority to do his job efficiently and vice-versa.

3. Granting authority without giving responsibility will create chances of misuse of power whereas assigning responsibility without providing authority will not enable employees to perform their duty properly.
1. Discipline means obedience to organizational rules and employment agreement that are necessary for functioning of any organisation.

2. According to Fayol, discipline requires:
   (i) Good supervision at all the levels of management.
   (ii) Clear and fair agreement
   (iii) Application of penalties judiciously.
UNITY OF COMMAND

According to this principle an individual employee should have only one superior from whom he should receive orders and to whom he should be responsible. If an employee receives orders from more than one person at a time it creates confusion and conflict. Thus principle of unity of command avoids confusion and leaves no option for conflict on the part of employees.
Unity of Direction

According to this principle, activities having the common goal must have one head and one plan. This helps in bringing unity of action and coordination in an organisation. For example, if a company is manufacturing two different products, it should have two separate divisions or departments for both the products. Each division or department should have their separate in charge, plans and resources.
According to Fayol, organisational interest should be given more priority as compared to individual interest of an employee. An organisation has its own objective while an individual worker has his own individual interest for working in a company. The interests of the group must supersede that of the individual. For the attainment of common goals of an organisation, employees are required to give up carelessness, selfishness, lethargy and their personal interests. They all should focus their efforts on the achievement of common goals.
According to this principle, the remuneration payable to the employees should be fair to both employees and the employer. The employees should get fair wages which ensure at least a reasonable standard of living.
Centralisation is the process of the concentration of power of decision making with one person while decentralisation means dispersal of power of decision making among more than one person. The degree of centralisation or decentralisation depends on how large a company is. Generally, large organisations are more decentralised as compared to others. The panchayat system in our country is a very good example of decentralisation at the national level.
The line of authority from top management to the lowest ranks represents the scalar chain. Communications should follow this chain.
Order

- This principle is concerned with proper & systematic arrangement of things and people.
- Arrangement of things is called material order and placement of people is called social order.
EQUITY: All employees should be treated as equally as possible.
Stability of Personnel

According to Fayol, “Employee Turnover should be minimized to maintain organisational efficiency”. Once they are appointed they should be kept at their positions for a minimum fixed period. A worker should have stability of tenure and should be given sufficient time to show their performance. Moreover, frequent transfers or rotations should also be avoided. If an employee receives transfer order by the time he learns and gets settled in a job it will be leading to wastage of resources and he will not be able to contribute his best to the organisation.
According to Fayol, “Workers should be encouraged to develop and carry out their plans for improvement”. Initiative refers to the first step taken by the employees towards their self motivation. This principle states that employees at all levels should be given freedom to some extent so that they can come forward and use their skills to achieve expected goals.
Esprit de Corps

According to Fayol, “Management should promote a team spirit of unity and harmony among employees.” In order to achieve organisational objectives, management should promote team work and coordination. The feeling of ‘I’ should be replaced with ‘We’ in the managers while having a conversation with the workers.
MANAGEMENT
What is Management?

‘Management is the art of getting things done through others’

- Mary Parker Follett
Functions of managers:-

- Planning
- Organizing
- Staffing
- Directing
- Controlling
The five basic functions of management

Planning
Organizing
Staffing
Leading
Controlling
PLANNING

"Defining goals, setting specific performance objectives, and identifying the actions needed to achieve them"

(Schermerhorn et al., 2000, p. 11)

Four aspects in relation to planning
• 1. Process of planning
• 2. Types of planning
• 3. Functions involved
• 4. Frequency of planning
Planning Process: How does a manager Plan?

- Establish objectives
- Develop Strategies
- Determination of premises
- Determination of alternatives
- Evaluation of alternatives
- Selecting a course of action
- Formulation of derivative plans
- Implantation of plans
- Reviewing the planning process
Organizing is that managerial process which seeks to define the role of each individual (manager and operator) towards the attainment of enterprise objectives; with due regard to establishing authority-responsibility relationships among all; and providing for co-ordination in the enterprise-as an in-built device for obtaining harmonious groups action.

1. “Organizing is the establishment of authority relationships with provisions for co-ordination between them, both vertically and horizontally in the enterprise structure”.
   - Koontz and O ‘Donnell
DIRECTING is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process. Directing initiates action and it is from here actual work starts. Direction is said to be consisting of human factors. In simple words, it can be described as providing guidance to workers is doing work. In field of management, direction is said to be all those activities which are designed to encourage the subordinates to work effectively and efficiently. According to Human, “Directing consists of process or technique by which instruction can be issued and operations can be carried out as originally planned” Therefore, Directing is the function of guiding, inspiring, overseeing and instructing people towards accomplishment of organizational goals.
The managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal and development of the personnels to fill the roles assigned to the employers/workforce. According to Theo Haimann, “Staffing pertains to recruitment, selection, development and compensation of subordinates.”

Staffing is an important managerial function- Staffing function is the most important managerial act along with planning, organizing, directing and controlling. The operations of these four functions depend upon the manpower which is available through staffing function.
CONTROLLING

Controlling consists of verifying whether everything occurs in conformity with the plans adopted, instructions issued and principles established. Controlling ensures that there is effective and efficient utilization of organizational resources so as to achieve the planned goals. Controlling measures the deviation of actual performance from the standard performance, discovers the causes of such deviations and helps in taking corrective actions.

According to Brech, “Controlling is a systematic exercise which is called as a process of checking actual performance against the standards or plans with a view to ensure adequate progress and also recording such experience as is gained as a contribution to possible future needs.”