

12th Standard Business Studies

Principles of Management

1. Principle It refers to a statement which reflects the fundamental truth about some phenomenon based on cause and effect relationship.

2. Management Principles These are the statements of fundamental truth, they serve as a guide to thought and actions for managerial decision actions and their execution.

3. Derivation of Management Principles

Management principles have been derived on the basis of

(i) Deep observations (ii) Repeated experiments

4. Nature of Principles of Management

(i) **Universal Applicability** The principles of management are universal in nature that means they can be applied to all types of organisations irrespective of their size and nature.

(ii) **General Guidelines** Management principle give guidelines to solve the problems, these principles do not provide readymade solution for all the problems.

(iii) **Formed by Practice and Experiments** The management principles are developed only after deep and through research work.

(iv) **Flexibility** These are not set of rigid statements. These can be modified by the managers who are using them.

(v) **Mainly Behavioural** Management principles are formed to guide and influence the behaviour of employees.

(vi) **Cause and Effect Relationship** Management principles are based on cause and effect that means these principles tell us if a particular principle is applied in a situation, what might be the effect.

(vii) Contingent Management principles are contingent or dependent upon the situation prevailing in organisation.

5. Significance of Principles of Management

- (i) Providing managers with useful insight into reality
- (ii) Optimum utilisation of the resources
- (iii) Scientific decisions
- (iv) Meeting changing environment requirements
- (v) Fulfilling social responsibility
- (vi) Management training, education and research

6. Background and History of Henry Fayol

Henry Fayol was born in France in 1841. He got degree in mining engineering in 1860 and started working as engineer in a Coal Mining Company. In 1888, he was promoted as the Managing Director of the company. At that time, the company was in the situation of insolvency. He accepted the challenge and applied his managerial techniques to bring out the company from this situation and he succeeded. When he retired after 30 years, the company was a leading coal-steel company with strong financial background

7. Principles of Management Developed by Henry Fayol

- (i) Principle of division of work
- (ii) Principle of authority and responsibility
- (iii) Principle of discipline
- (iv) Principle of unity of command
- (v) Unity of direction
- (vi) Subordination of individual interest to general interest
- (vii) Remuneration of employees
- (viii) Centralisation and decentralisation
- (ix) Scalar chain
- (x) Order
- (xi) Equity

- (xii) Stability of personal
- (xiii) Initiative
- (xiv) Espirit de Corps

8. Scientific Management It can be defined as “Application science for each and every element of management.”

According to Taylor, “Scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.”

9. Scientific Principles of Management

- (i) Science, not rule of thumb
- (ii) Harmony, not discord
- (iii) Co-operation, not individualism
- (iv) Development of workers to their greatest efficiency and prosperity

10. Scientific Techniques of Taylor

(i) **Functional Foremanship** In this technique, Taylor suggested the division of factory in two departments

(a) Planning Department

- * Route clerk
- * Instruction card clerk
- * Time and cost clerk
- * Disciplinarian

(b) Operational Department

- * Gang boss
- * Speed boss
- * Repair boss
- * Inspector

(ii) **Standardisation and Simplification of Work**

Standardisation output possible if standard is maintained right from selection of tools, equipment and machine to use.

Simplification emphasises on elimination of unnecessary diversity of

product, size and type.

(iii) Fatigue Study This technique of scientific management is conducted to find out

- (a) The frequency of rest intervals
- (b) The duration of rest intervals
- (c) The number of rest intervals

(iv) Method Study This technique find out the one best method or way of performing the job.

(v) Time Study The objectives of time study are

- (a) The standard time required to perform a job.
- (b) Setting up the standard target of the workers.
- (c) Determining the number of workers required to perform a job.
- (d) Categorising the workers into efficient and inefficient employees.

(vi) Motion Study To conduct motion study, Taylor suggested to observe an average worker when he is performing the job and note down all the movements he is doing.

(vii) Differential Piece Wage System This technique emphasis on paying different rate of wage for efficient and inefficient employees.

(viii) Mental Revolution The objectives of mental revolution are

- (a) Co-operation between workers and management.
- (b) Change in mental attitudes of workers and management towards each other.