

**Principles of Management:-
Meaning, Features and
Significance**

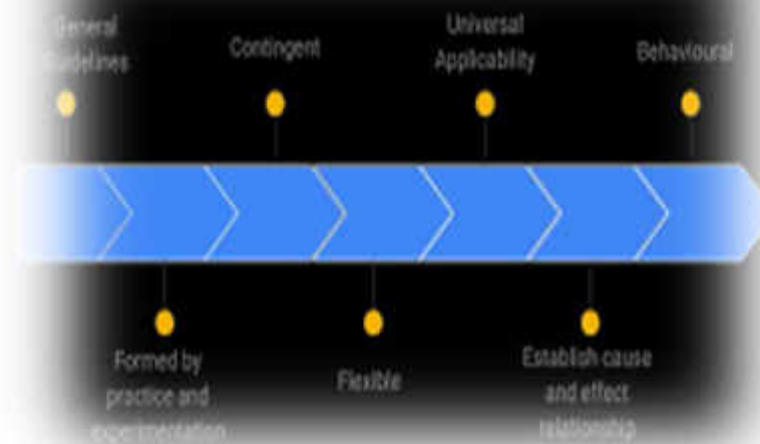
Meaning of Principle of Management

“Principle of Management is a broad and general guideline for decision making and behaviour..”

Nature of Principle of Management

- **Universal applicability**
- **General guidelines**
- **Formed by practice and experimentation**
- **Flexible**
- **Mainly behavioural**
- **Cause and effect relationships**
- **Contingent**

NATURE OF MANAGEMENT PRINCIPLES:



1. Universal Applicability



2. General Guidelines



3. Formed by Practice and Experimentation



4. Flexible

The principles of management as they exist today are not in the form of final truths. As and when environment change, new kinds of problems arise. To face these problems “old principles are altered and new principles are propounded.

5. Mainly Behavioural

The principles of management are directly concerned with human behaviour. They ensure a better relationship among the manpower working at the organisational levels

6. Cause and effect relationship

The principles of management establish a relationship between cause and effect. They specify what the ultimate outcome will be if in a particular situation, work is done in a particular manner.

7. Contingent

The principles of management are not fixed or permanent. They are affected by situations or circumstances. So, the decisions related to the implementation of these principles are taken according to the situations.

Significance of Principle of Management

- **Provide Useful Insight to Managers:-** The principles of management make the manager aware about the manner in which he should act in various situations so that he does not repeat the mistakes of the previous managers.
- **Scientific decisions:-** These provides necessary training to the managers so that they can take scientific decisions.
- **Meeting changing environment requirement:-** The principles of management enables the managers to face changing environment challenges.
- **Fulfilling social responsibility:-** These increase the efficiency of the managers and enable them to fulfil their social responsibility.
- **Management training, education and research:-** These providing the education and training to the managers by enriching their theoretical and practical knowledge.
- **Optimum Utilization of Resources and Effective Administration:-** These principles helps the managers to avoid wastage of resources and also helping to create an effective administrative system.

Scientific Management

Scientific management is the new thinking on management propounded by **Fredrick Winslow Taylor**. Taylor was a person who within a very short duration (1878 to 1884) rose from the ranks of an ordinary labourer to the position of a Chief Engineer. In 1878, he joined the **Midvale Steel Company** in the USA as a labourer and, due to his hard work and dedication, he was able to reach the position of the Chief Engineer in the same company within a short span of six years. During that period Taylor conducted a number of experiments and came to the conclusion that the amount of work a labourer was doing was far less as compared to what he was supposed to be doing. He gave a number of suggestions to solve this problem and, in doing so, he gave a scientific outlook to management. Taylor worked in **Bethlehem Steel works** upto 1901 and thereafter started providing services as a management consultant. In 1903, he published a research paper titled '**Shop Management**' and in 1911 his book '**Principles of Scientific Management**' created ripples in the field of management. Taylor died in 1915, but his contribution to management will always remain immortal. He also known as father of Scientific Management



Meaning of Scientific Management

“Scientific Management is the act of knowing exactly what you want men to do and then seeing to it that they do it in the best and the cheapest way.”

-F. W. Taylor

Principle of Scientific Management

- **Science, Not Rule of Thumb**
- **Harmony, not discord**
- **Cooperation, not individualism**
- **Development of each and every person to his/her greatest efficiency and prosperity**

1. Science, Not Rule of Thumb

This principle says that we should be constantly experimenting to develop new technique which make the work much simpler, easier and quicker.



2. Harmony, Not Discord

Principles of scientific management

- **Science not the rule of thumb:** scientific investigation should be used for taking managerial decisions instead of basing on opinion, institution or thumb rule.
- **Harmony not discord/ cooperation between employers and employees:** Harmonious relationship between employees and employers. Cooperation of employees that managers can ensure that work is carried in accordance with stand: --4--



3. Cooperation, Not Individualism

According to this principle, all the activities done by different people must be carried on with a spirit of mutual cooperation. Taylor has suggested that the manager and the worker should jointly determine standards.



4. Development of each and every Person to his/her Greatest Efficiency and Prosperity

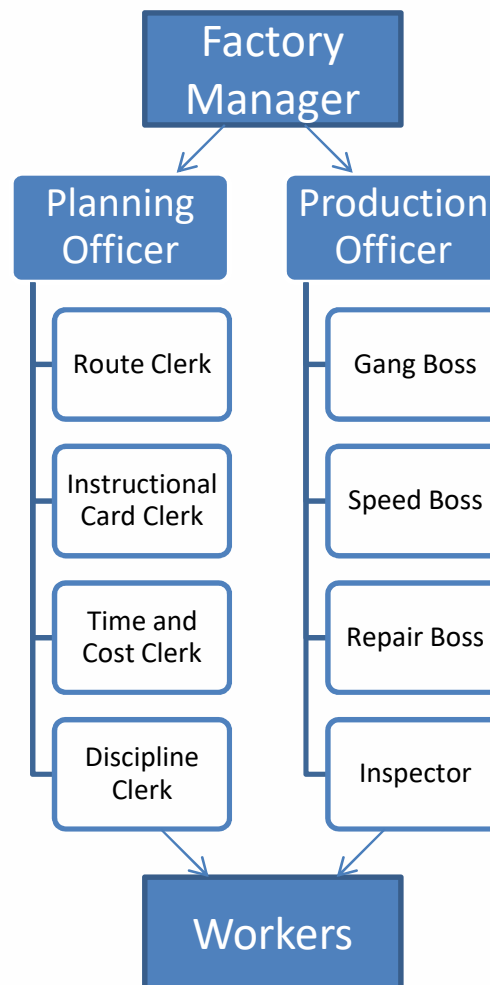
This principle tells, the efficiency of each and every person should be taken care of right from his selection. A proper arrangement of everybody's training should be made. It should also be taken care that each individual should be allotted work according to his ability and interest.



Techniques of Scientific Management

- Functional Foremanship
- Standardisation of work
- Simplification
- Method Study
- Motion Study
- Time Study
- Fatigue Study
- Differential Wage System/ Differential Piece Rate
- Mental Revolution

1. Functional Foremanship



2. Standardisation of Work

It refers to the process of setting standards for various business activities. Standards may be set for raw materials, machines and tools, techniques, conditions of work etc.



3. Simplification

It refers to put an end to unnecessary types, sizes, qualities, weights etc. of products. For example, it is all right for a shoe manufacturing company to manufacture shoes of 0, 1, 2, 3, 4, sizes but if it starts manufacturing shoes of 0, 0.5, 1, 1.25, 1.5, 1.75, 2, 2.25, 2.5 it will simply wrong. In such a situation different types of machines shall have to be installed and cost will increase.



4. Method Study

It refers to identify the most suitable way to do a particular activity.



5. Motion Study

It refers to conduct the study of motions being performed by workers and machines while doing the job.



6. Time Study

It refers to determine the standard time required to complete a particular activity.



7. Fatigue Study

It refers to determine the duration and frequency of rest intervals to complete a particular job.



8. Differential Wage System/ Differential Piece Rate

It refers to that technique of scientific management which differentiates between efficient and inefficient workers.



9. Mental Revolution

Mental Revolution refers to the change in the attitude of management and workers towards one another from competition to cooperation.





PRINCIPLES OF MANAGEMENT





1. Division of Work

Work is divided into small tasks/ jobs. A trained specialist who is competent is required to perform each job. Thus, division of work leads to specialisation.

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



2. Authority and Responsibility

According to Fayol, “Authority is the right to give orders and obtain obedience, and responsibility is the corollary of authority. The two types of authority are official authority, which is the authority to command, and personal authority which is the authority of the individual manager.”

Authority is both formal and informal. Managers require authority commensurate with their responsibility. There should be a balance between authority and responsibility.



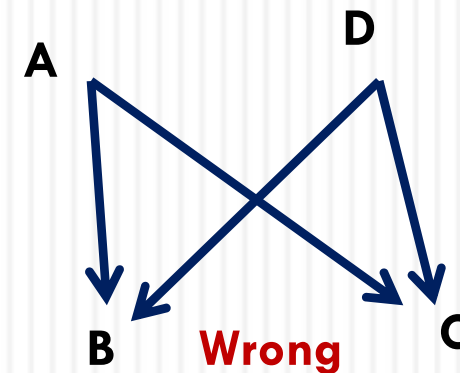
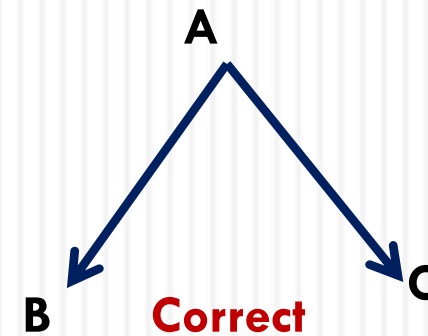
3. Discipline

Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation. According to Fayol, discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties.



4. Unity of Command

According to Fayol there should be one and only one boss for every individual employee. If an employee gets orders from two superiors at the same time the principle of unity of command is violated. The principle of unity of command states that each participant in a formal organisation should receive orders from and be responsible to only one superior.





5. Unity of Direction

All the units of an organisation should be moving towards the same objectives through coordinated and focussed efforts. Each group of activities having the same objective must have one head and one plan. This ensures unity of action and coordination.



6. Subordination of Individual Interest to General Interest

The interests of an organisation should take priority over the interests of any one individual employee according to Fayol. Every worker has some individual interest for working in a company. The company has got its own objectives. For example, the company would want to get maximum output from its employees at a competitive cost (salary). On the other hand, an employee may want to get maximum salary while working the least. In another situation an individual employee may demand some concession, which is not admissible to any other employee like working for less time.



7. Remuneration to Employees

The overall pay and compensation should be fair to both employees and the organisation. The employees should be paid fair wages, which should give them at least a reasonable standard of living. At the same time it should be within the paying capacity of the company. In other words, remuneration should be just and equitable. This will ensure congenial atmosphere and good relations between workers and management. Consequently, the working of the company would be smooth.



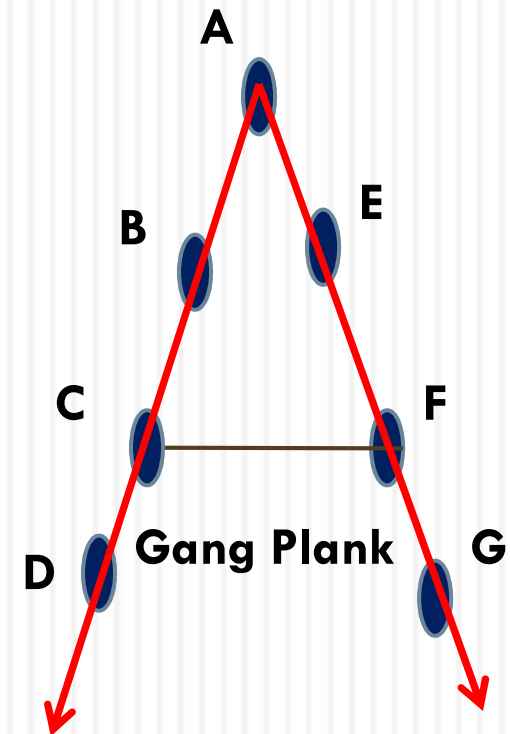
8. Centralisation and Decentralisation

The concentration of decision-making authority is called centralisation whereas its dispersal among more than one person is known as decentralisation. According to Fayol, “There is a need to balance subordinate involvement through decentralisation with managers’ retention of final authority through centralisation.” The degree of centralisation will depend upon the circumstances in which the company is working.



9. Scalar Chain

- An organisation consists of superiors and subordinates. The formal lines of authority from highest to lowest ranks are known as scalar chain.
- According to Fayol, “Organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates.”





10. Order

According to Fayol, “People and materials must be in suitable places at appropriate time for maximum efficiency.”

The principle of order states that ‘A place for everything (everyone) and everything (everyone) in its (her/his) place’.

Essentially it means orderliness. If there is a fixed place for everything and it is present there, then there will be no hindrance in the activities of business/ factory. This will lead to increased productivity and efficiency.



11. Equity

According to Fayol. This principle emphasises kindness and justice in the behaviour of managers towards workers. This will ensure loyalty and devotion. Fayol does not rule out use of force sometimes. Rather he says that lazy personnel should be dealt with sternly to send the message that everyone is equal in the eyes of the management. There should be no discrimination against anyone on account of sex, religion, language, caste, belief or nationality etc.



12. Stability of Personnel

“Employee turnover should be minimised to maintain organisational efficiency”, according to Fayol. Personnel should be selected and appointed after due and rigorous procedure. But once selected they should be kept at their post/position for a minimum fixed tenure. They should have stability of tenure.



13. Initiative

Workers should be encouraged to develop and carry out their plans for improvements according to Fayol. Initiative means taking the first step with self-motivation. It is thinking out and executing the plan. It is one of the traits of an intelligent person. Initiative should be encouraged.



14. Espirit de Corps

Management should promote a team spirit of unity and harmony among employees, according to Fayol. Management should promote teamwork especially in large organisations because otherwise objectives would be difficult to realise. It will also result in a loss of coordination. A manager should replace 'I' with 'We' in all his conversations with workers to develop team spirit. This will give rise to a spirit of mutual trust and belongingness among team members.