

Class 12

Business Studies

Chapter 2_Focus Area 2022

Principles of Management

Ajith Kanthi Wayanad

Principles of Management

Principles refers to a statement which reflects the fundamental truth about some phenomenon



Management principles are derived on the basis of observation and analysis of events which managers have to face in actual practice

Principles of Management

“Principles of management are the guiding rules or laws for managerial action”

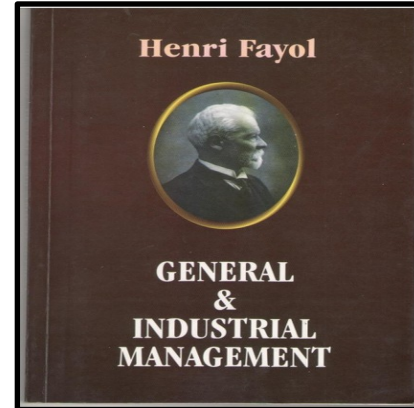
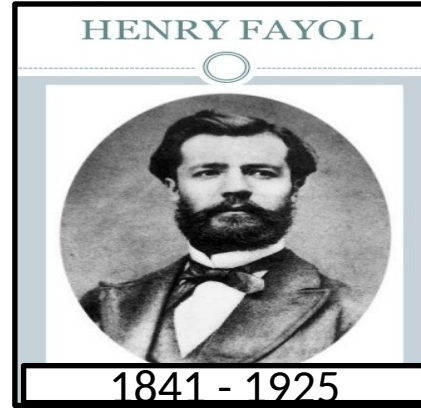
– H.G. Hicks



Fayols's Principles of Management

Ajith Kanthi Wayanad

Henry Fayol



French Engineer in a mining company.

Became the M D of that company.

Author of “General and Industrial management”

Father of modern management

He has propounded **14 Principles** of Management

14 Principles of Management by Henry Fayol

1



Division of work

2



Authority and Responsibility

3



Discipline

4



Unity of Command

5



Unity of Direction

6



Subordination of Individual Interest

7



Remuneration

8



The Degree of Centralization

9



Scalar Chain

10



Order

11



Equity

12



Stability of Tenure of Personell

13



Initiative

14



Esprit de Corps

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1 Division of Work

A complex work should be divided into small tasks, and each task should be assigned to a particular employee



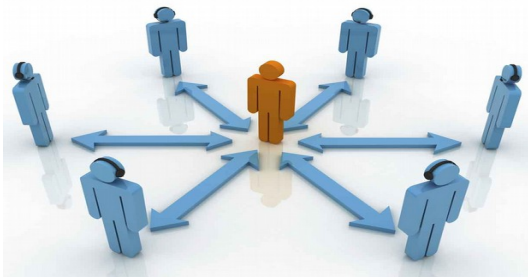
It increases the efficiency because by doing a small part of work repeatedly, the employee acquires speed and perfection

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2 Authority and Responsibility

Authority is the right to give orders to the subordinates

Responsibility means the obligation to perform the work in the manner desired and directed by authority



If authority is given to a person, he should also be made responsible

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3 Discipline

It means obedience, respect for authority and observation of established rules



It ensures the smooth running of the organization and applicable for workers and management

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4 Unity of Command

This principle states that each employee should receive orders from one superior only



More than one superior at a time leads to confusion

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5 Unity of Direction

The activities, which have a common objective must be grouped together and under one head



All the operations and departments in the organization should be directed towards the common goal

Differences: Unity of Command Vs. Unity of Direction

Basis	Unity of Command	Unity of Direction
Meaning	One superior at a time	One head and one plan
Aim	It prevents dual subordination	It prevents overlapping of activities
Implication	It affects an individual employee	It affects the entire organization

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6 Subordination of Individual Interest to General Interest

The business enterprise is superior to individuals



The interest of the business must prevail over personal interests of the individuals

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7 Remuneration of Employees

The remuneration for work done must be fair and reasonable



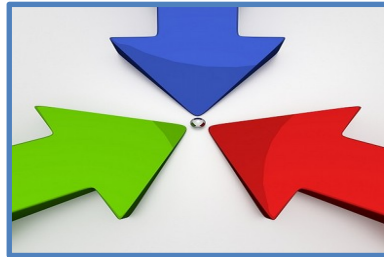
It must inspire the employees to work hard so that the organization earns more profit

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8 Centralization and Decentralization

Centralization refers to concentration of authority to the top management

Decentralization means dispersal of authority to lower levels

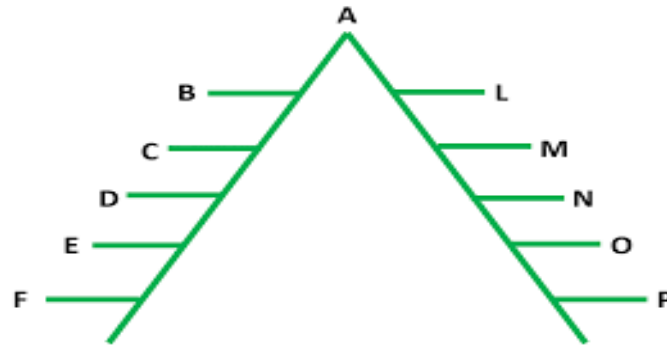


Utmost centralization or decentralization is not good, but there must be a balance between them

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9 Scalar Chain

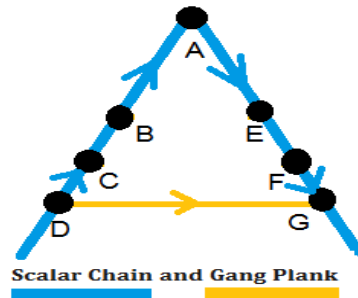
It refers to the line of authority or the chain of superiors starting from the highest and moving towards the lowest rank



Communication should pass through this chain of command

Scalar Chain and Gang Plank

In case of urgency the established chains can be violated and Gang Plank (direct contact) between two concerned authorities may be established



Short-circuiting the chain of command where emergency decisions are to be taken is known as

Gang Plank

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10 Order

“Have a place for everything and keep everything in its place”



Material Order

All materials are to be kept in proper place

Social Order

The right man is to be assigned the right job

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11 Equity – (Equality)

Superiors should be impartial while dealing with their subordinates



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12

Stability of Personnel

Managers and workers should not be shifted from their positions frequently



A person needs time to adjust himself to new work environment

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13

Initiative

The creativity of an individual must be utilized for the development of the organization



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14 **Esprit de Corps (Union is Strength)**

The contribution of a team is more significant than that of an individual



Team spirit helps in developing an atmosphere of mutual trust and understanding

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14 Principles of Henry Fayol

▶ Division of Work

▶ Authority and Responsibility

▶ Discipline

▶ Unity of Command

▶ Unity of Direction

**INDIVIDUAL INTEREST &
GROUP INTEREST**

▶ Remuneration

▶ Centralization

▶ Scalar Chain

▶ Order

▶ Equity

▶ Stability of Tenure

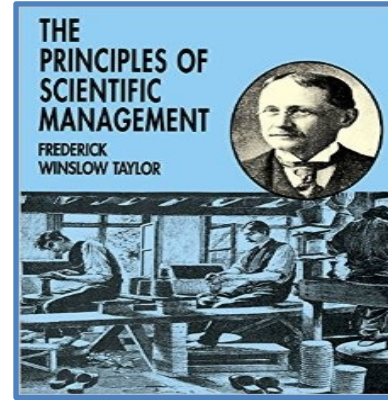
▶ Initiative

▶ Esprit De Corp

Taylor's Scientific Management

Ajith Kanthi Wayanad

F W Taylor



Father of Scientific Management

American Mechanical Engineer

Author of “**The Principles of
Scientific Management**”

Scientific Management

Scientific Management refers to the application of science in management practices



F W Taylor advocated a detailed scientific study of each job to determine the best way of doing it

Scientific Management

“Scientific Management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way”



- F.W.Taylor.

Techniques of Scientific Management

Ajith Kanthi Wayanad

Techniques of Scientific Management

1 Standardization and simplification of work

It refers to the process of setting standards for every business activity



Techniques of Scientific Management

2 Method Study

It is conducted to know the best method of doing a job



Techniques of Scientific Management

3 Motion Study

It helps to eliminate unnecessary movements of men and material while doing a job



Techniques of Scientific Management

4 Time Study

The minimum time required for each element of work is determined



It helps in fixing a standard time for the job which will save cost, time and effort

Techniques of Scientific Management

5 Fatigue Study

It seeks to determine the amount and frequency of rest intervals in doing a job



Intervals should be scientifically determined

This would help to recoup the energy lost in continuous work

Techniques of Scientific Management

6 Differential piece wage system

It refers to a wage system in which dual wage rates are fixed to differentiate between efficient and inefficient workers

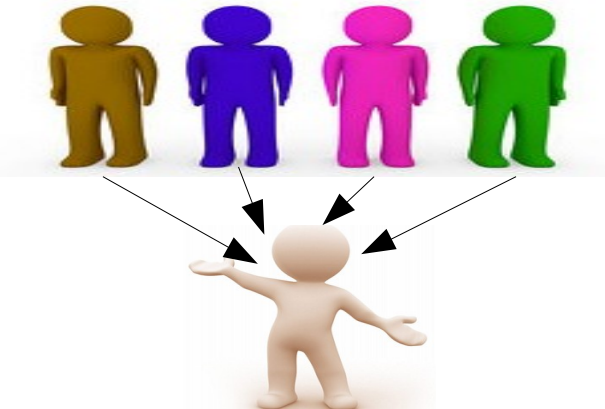


Taylor recommended that this system will be enough to motivate the inefficient worker to perform well

Techniques of Scientific Management

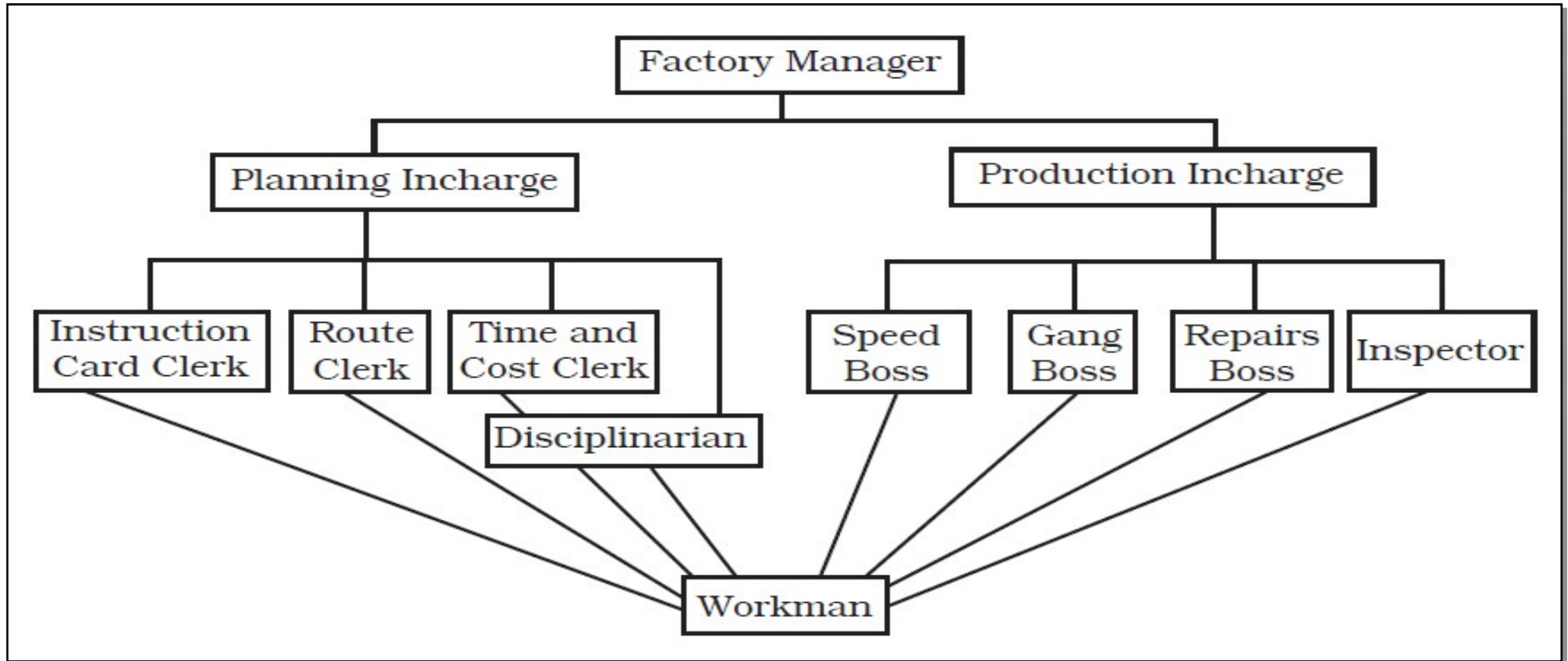
7 Functional Foremanship

Specialization must be introduced in the organization

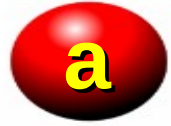


Functional foremanship is a form of organization which involves supervision of a worker by several specialist foremen

Functional Foremanship



Functional Foremanship



Instruction Card Clerk

To lay down the exact method of doing a work, use of tools and equipments etc.



Functional Foremanship

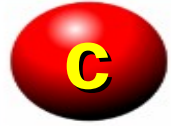


Route Clerk

To lay down the sequence of operation and direct the workers to follow the same



Functional Foremanship



Time and Cost Clerk

To lay down the time table for doing various jobs and maintain the records of the cost of work



Functional Foremanship

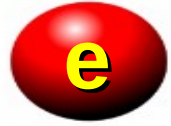


Disciplinarian

To enforce rules and regulations and maintain discipline among workers



Functional Foremanship



Speed Boss

Ensures that machines are run at their optimum speed



Functional Foremanship



Gang Boss

To assemble and set up various equipments and tools to enable the workers begin their work immediately after entering the shop



Functional Foremanship



Repair Boss

Ensures regular cleaning, servicing and repair of machines to keep them in efficient working order



Functional Foremanship

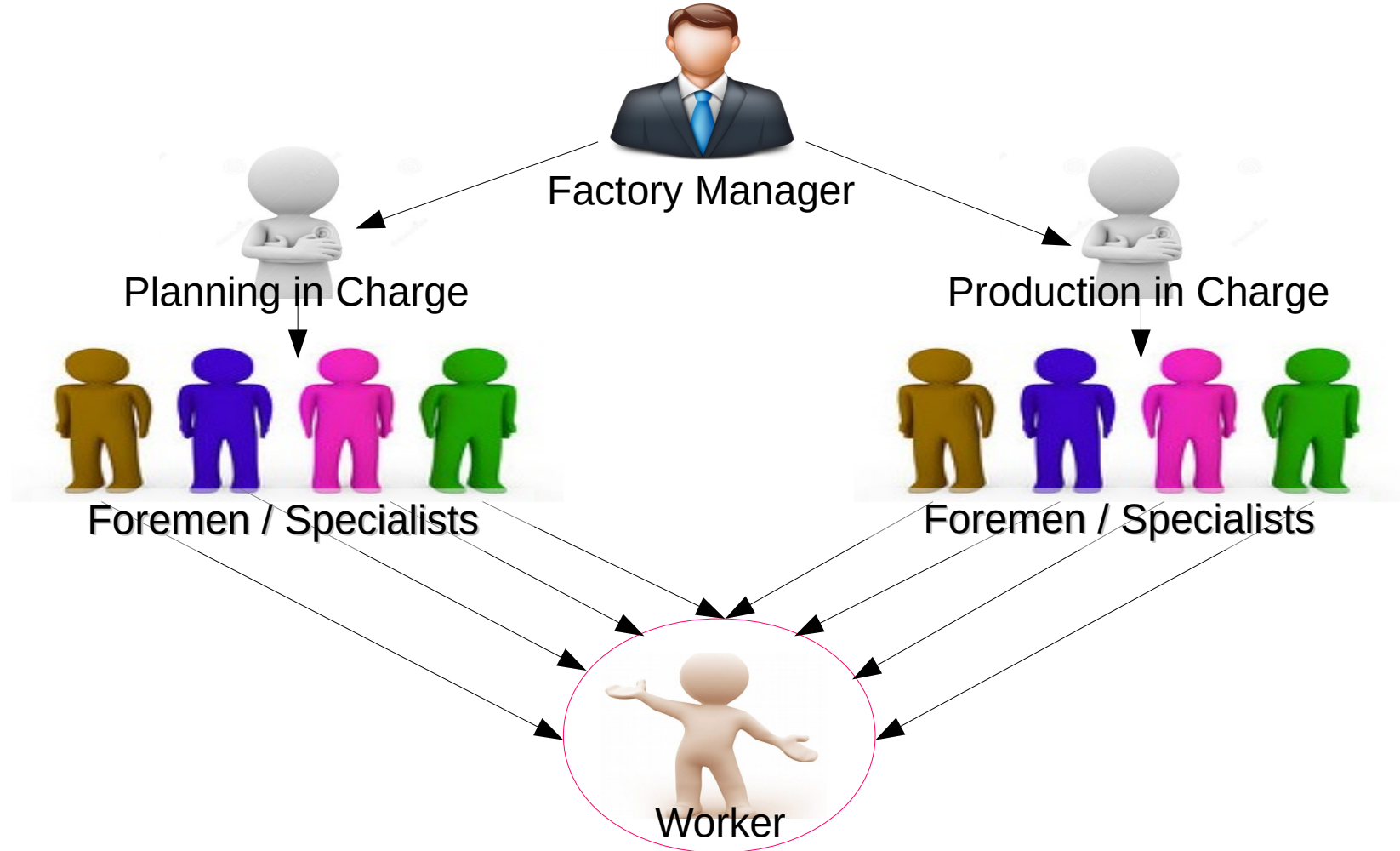


Inspector

To ensure that the workers do their work to the desired quality and that the jobs are executed as per specifications



Functional Foremanship



Techniques of Scientific Management

- 1. Standardization of work**
- 2. Method Study**
- 3. Motion Study**
- 4. Time Study**
- 5. Fatigue Study**
- 6. Differential piece wage system**
- 7. Functional Foremanship**

THANK
YOU

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