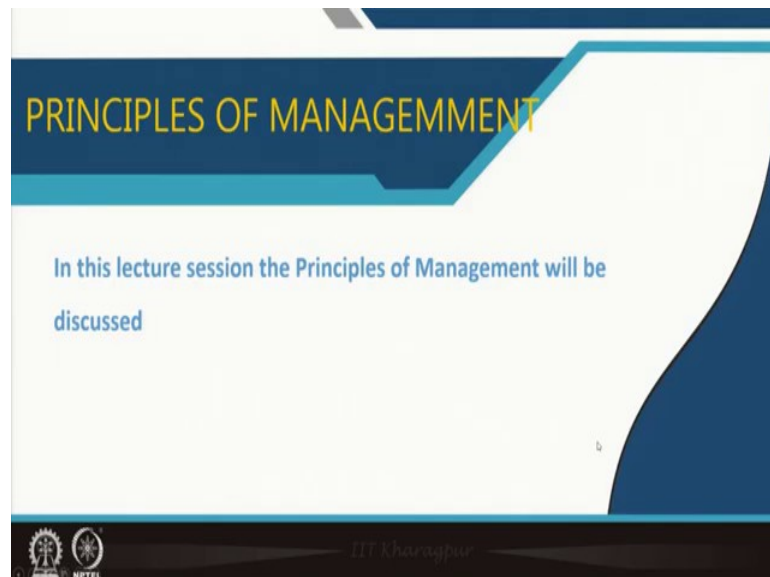


Principles of Management
Prof. S Srinivasan
Vinod Gupta School of Management
Indian Institute of Technology, Kharagpur

Module - 01
Lecture - 03
Principles of Management

Welcome to the 3 rd lecture on Principles of Management. Today we are going to discuss about Principles of Management, we will go ahead with this session.

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Principles of Management

Henri Fayol, a French mining engineer, developed 14 principles of management based on his management experiences. These principles provide modern-day managers with general guidelines. These are -

- 1. Division of work:** Division of work and specialization among employees of an organisation produce more and better work with the same effort.
- 2. Authority and responsibility:** Authority is the right to give orders and the power to exact obedience. A manager has official authority because of his/her position in the organisation. It creates responsibility in the managerial work.

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Henri Fayol, a French mining engineer developed 14 principles of management based on his management experience. These principles provide modern day managers with general guidelines. Now, Henri Fayol is a major proponent and major contributor for the discipline of management. He has coined his 14 principles of management which is been widely practiced, most widely appreciated. It is very relevant, though these principles of management are made a several decades ago.

So, we are going to see these 14 principles of management and we are also going to look at the other general principles of management which is going to be effectively used in the organization. So, we will start with Henri Fayol's 14 principles of management. Division of work and a division of work is nothing, but he states that you know you need to create specialized session of work.

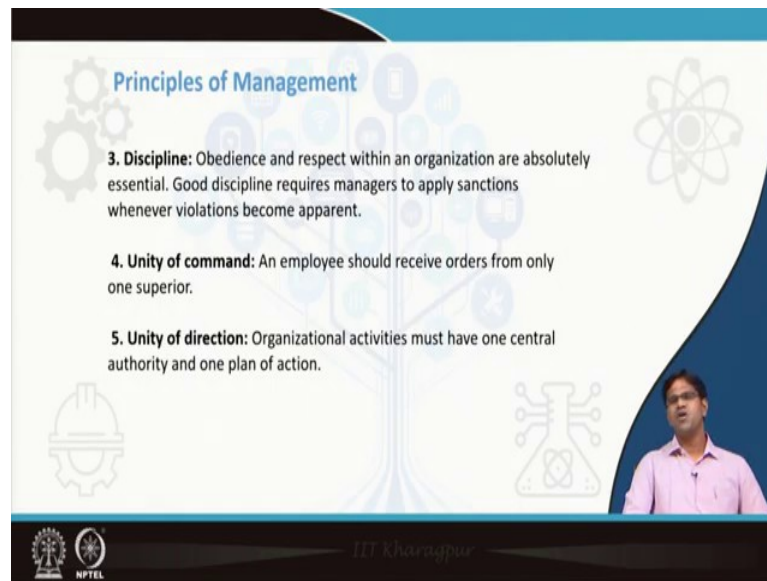
Specialization of work means that we need to identify people who are having a specialized skill set. We need to divide the work into subsets and we need to identify people who have the specialized skills who can take care of the particular subset of the work. He says that no it is actually it will actually help in more productivity and it will help the organization with the lot of success.

So, this is the division of work. He said now we need to divide the works into subsets and this specialization has to be created. And, we need to depute people who are having

the specialized skill set. Then authority and responsibility; so, authority is the right to give orders and power to exact obedience from the people.

In any organization we always say that you know manager has the official authority because if a you know his or her position in the organisation is as having vested with a certain power. And, who can make orders on their subordinates; it creates responsibility in the managerial work.

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The slide is titled "Principles of Management" and features a background with various icons like gears, a tree, and a person. It lists three principles:

- 3. Discipline:** Obedience and respect within an organization are absolutely essential. Good discipline requires managers to apply sanctions whenever violations become apparent.
- 4. Unity of command:** An employee should receive orders from only one superior.
- 5. Unity of direction:** Organizational activities must have one central authority and one plan of action.

At the bottom left, there are logos for IIT Kharagpur and NPTEL. At the bottom right, there is a small video inset of a man in a pink shirt speaking.

Discipline, in any organization we always see that you know organization are governed by the certain rules and regulations. So, it is always expected that the employees of the organization have to follow and obey the rules and regulations of the organizations. The role of a manager comes here that to know anybody who violates these rules or the general agreements in the organizations; these people have to be sanctioned by the managers.

There should be a general discipline has to be maintained across the organizations. How do we maintain the discipline? It is through the you know the rules being laid down by the organization that has to be followed by everyone in the organization. Then unity of command: an employee should receive orders from only one superior. The meaning that know you cannot have two people giving directions to one employee. Imagine that you know you are working under two managers and one manager says x direction, one manager says y direction.

Then it becomes very difficult for an employee to perform, that is why the unity of command is important that now the subordinates should receive you know orders or commands from the only one manager. So, that you know this employee or a subordinate is able to perform better. If the more than one manager provides the order or command then it becomes very complicated, the you know employee will fail to perform the task.

Then unity of direction: organization activities must have one central authority and one plan of action. You know in all organization we need to be directed towards one objective. In an organization, if you look at now, we will have you know multiple teams, multiple functional areas and you know we might be working in multiple projects. But every activity or every functional area should be aligned towards achieving a one common goal of an organizations.

You know if every individual functional area working independently, having their own objectives then you know collectively as an organization you will fail. So, the unity of direction is that though we will have multiple disciplines or functional areas; it all has to aligned towards the achieving the organizational goals, that is the unity of direction towards achieving a common goal.

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Principles of Management

6. Subordination of individual interest to general interest: The interests of one employee or group of employees are subordinate to the interests and goals of the organization.

7. Remuneration of personnel: Salaries — the price of services rendered by employees — should be fair and provide satisfaction both to the employee and employer.

8. Centralization: The objective of centralization is the best utilization of personnel. The degree of centralization varies according to the dynamics of each organization.

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Then subordination of individual interest to general interest, it is very important. In organization it is always the organization interest should be you know kept on the top, then the individual interest. You know individual interest cannot go over the organization

interest; it is the organizational interest has to be the on top over the individual interest. So, these should be subordination of individual interest to a general interest of the organization.

Then remuneration of personnel, remuneration is talking about salaries; you know how are you going to fix the salary. The salary should be you know fixed in a fair way; you know employee should not feel that they are not been paid for what work they do. And, you know because these salaries are always associated with the satisfaction of the employee. The moment you know employees are not satisfied at the work place; you feel that no employees are not contributing towards your organization; their motivation will go down.

And, you know even they will try they will even disturb the morale of the other employees. You know because of what happens in even in organization, if you take an you know example currently imagine that know everybody goes through performance cycle. After the performer's evaluation, company provides the increment and they decide on the bonus has to be paid to the employees.

The moment if an organization unfairly decides the increment or the salaries or if employee feels that, no I have done enough work, but my organization not fairly treating me with the bonus or the incentives as a salary. They will be dissatisfied, their motivation level will be going down, they will not contribute.

So, the remuneration of personnel in a fair way is very important, that is what the Henri Fayol has insisted that you know salaries has to designed in a fair way, in an equitable way. You need to ensure that you know whatever you pay for your employees are equitably paid. Then centralization: the objective of centralization is not decision has to be taken at the central level. But you know now over the years with the evolution of you know different technology and you know when the you know technological advancement.

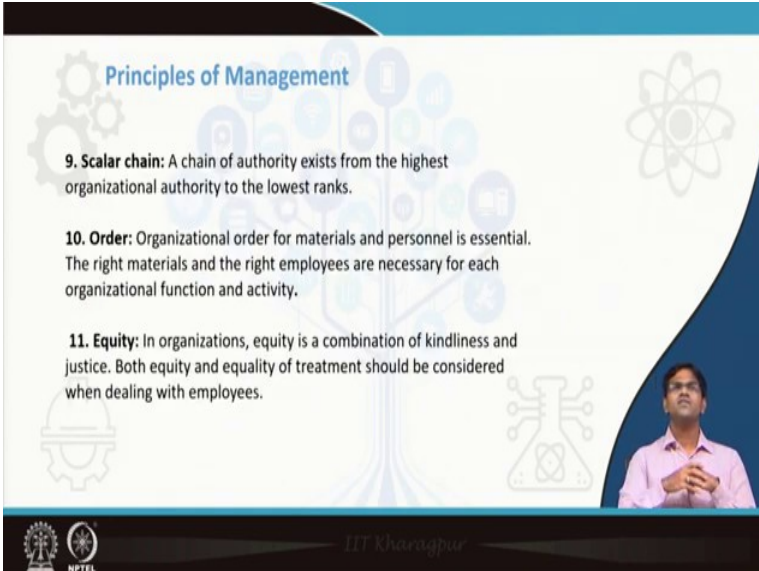
And, then there is the progress of management as a discipline as well still you know many people debate about this particular principle. You know the principle of centralization talks about that decision to be taken at one level and it has to flow through the other levels.

Whereas, now people also talk about you know decentralization where the decision is taken at the you know lower different level; you know lower levels or the smaller unit also. Though the debate is you know happening between the centralization versus decentralization, but still you know the objective of centralization is to best utilization of the personnel.

You know because if decision made at a different level and if this varied decision is in going to influence only the small unit, it is not contributing towards achieving the common goals the purpose of the organization will be you know disturbed. That is why still people believe that you know decision made at the centralization is very important ah. Take the example like you know where compare it for our country as an example.

Let us say you know India we have a central government and we have state governments, every state has their power to make decision for their own state. But as a country central government make certain decision which has to be followed across the states. So, that now we follow the uniformity and then decision is made, that is why you know even now people feel you know centralization is important ok.

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Principles of Management

9. Scalar chain: A chain of authority exists from the highest organizational authority to the lowest ranks.

10. Order: Organizational order for materials and personnel is essential. The right materials and the right employees are necessary for each organizational function and activity.

11. Equity: In organizations, equity is a combination of kindness and justice. Both equity and equality of treatment should be considered when dealing with employees.

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Then scalar chain: you know chain of authority exists from the highest organizational authority to the lowest rank; the you know its talk about the hierarchy. For example, in any organization we always see that you know the organization chart is given right, they are kind of a flow chart. Who heads the organization, who is at the next level and who is

going to be on then and below level; you know that should be a clear hierarchy should be given?

So, that you know people knows who is has to report to who and who has to report to whom and then who has the highest power, how it is going to flow through to the you know lower level ok. Then the you know order: organizations order for materials and personnel is essential. You know a material should be right place and then you should have a right people; you know right people and right employees are necessary for you know each organizational function and activity. You know right meaning that you know you need to have right material for producing a right product.

Similarly, you need to have a right person at the right job. Imagine a person who would never have a any computer education being at you know at the IT department. Imagine you know where they cannot even be contributing towards any of the goals of the organization or even, they cannot be able to even perform the routine activities.

That is why you know you need to have a right people for the right job at the same time right material for the right product. So, that is why you know as an organization you need to have an order; you know right person at the right job and right material for their right production.

And equity; so, equity talks about now manager should you know treat their employees fairly. You know there should not be any partiality or discriminations or based on anything. You know there should be equity in terms of treating their employee, there should a fairness in treating their subordinates.

There not should not be favoritism towards certain groups or certain number of you know certain employees. Then you know that unfair treatment will actually will hamper the productivity and will hamper the progress of the organization. The employee's morale, the motivation will be impacted.

So, equity is important, now manager has to fairly treat all the employees equally without any difference, you know you know favoritism. Because, you know in an organization we always see that you know often we see that you know subordinates complain that you know manager been favor towards certain employees.

And, that actually sends the signal that you know manager can be favor towards only certain employees than others will not be treated equally. Then they will lose their interest to contribute; you know they will not be very effective; their morale will be impacted.

That is why you know equity is important, managers have to treat fairly ok.

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Principles of Management

12. Stability of tenure of personnel: To attain the maximum productivity of personnel, a stable work force is needed.

13. Initiative: Thinking out a plan and ensuring its success is an extremely strong motivator. Zeal, energy, and initiative are desired at all levels of the organizational ladder.

14. Esprit de corps: Teamwork is fundamentally important to an organization. Working teams and extensive face-to-face verbal communication encourages teamwork.

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And, stability of tenure of personnel; this is very important because it talks about you know the tenure in the organization will decide the you know productivity in the organization. They say at now the stable work force is very important to have the you know increased productivity. Let me give you an example, let us say now we are having an employee in a particular production plant.

And, the let us say the efficiency rate is 90 percent, imagine 90 percent and these employees are working for last 1 year. Now, if you look at you know all of a sudden you know organization sees that you know there is an increase now the organizations burden is increasing because after 1 year there should be an increment. So, let me actually you know take new set of employees so, that is can pay them low ok.

Then imagine that now when you are bringing the new set of employees, you cannot expect the same efficiency level of the older employees. Now you can associate now why stable work force is important.

The moment you are having an employee who are working in an organization for a over a period of time, they would have actually you know accustomed to the organization culture. They know how organization will make decision, how organization you know information been shared. They know the organization culture well.

So, that they have you know they are able to contribute well to the organization productivity and the prosperity also that is why you know stable work force. You know stability of the tenure of that personnel are very important principles of the management. And, initiative you know subordinate in the work place should also given a freedom to you know conceive new ideas to their work. You know even though they are likely to make mistakes, if they are you know coming up with their new innovative ideas or new ways there.

But you know as an organization you should actually encourage provide opportunity for you subordinates to come up with the new ideas, you know to carry out their work. Because, you know why it is very important? A person who is in the particular job role for a several years they know what kind of a change I can bring in so, that now my efficiency is increasing; so, that I can enjoy working in the work place. The creativity comes from the people who are actually exposed to the work rather than the people who would never been never been into the particular work.

So, everybody has to be given you know freedom to come up with the new initiative or creative ideas. Then the fourteenth-one, the last one it is very important: esprit de corps which is talking about you know team spirit is very important in an organization.

You know team work is fundamentally important to any organizations, you know it says that you know given a chance organization should always create an avenue where the teamwork is been appreciated. Where you can you know create an avenue where you will engage more people to work in a team, because team effectiveness is always you know crucial for organization success.

So, you need to you know as an organization you need to create a project, create a work in a such a way that you know you will be able to engage the set of people in a team. So, team work is a one of the important principles of management.

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Principles of Management

In addition to general principles of management, there are some guiding principles followed at various stages of management functions. Such as-

- **Principles of Planning:** Flexibility, Acceptance, Efficiency, Innovation, reflective thinking
- **Principle of organising:** Specialization, Span of control, functional definition, unity of command, scalar chain
- **Principle of staffing:** Complex process, involves future manager, continuing development, open competition
- **Principle of coordination:** Continuity, reciprocal relation, direct contact, clarity of objectives and communication
- **Principle of directing:** Unity of command, harmony objective, communication, managerial leadership, Maximizing individual contribution

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We will go ahead with the other principles also in addition to the you know Henri Fayol's 14 principle which is a very important principles of management. And, there are some guiding principles been followed at various stages of management functions. You know we will see in detail principles of planning which is talking about flexibility, acceptance, efficiency, innovation, reflective thinking; we will see everything in detail in a subsequent slide.

Then the principles of organizing, principles of staffing, principles of coordination principles of directing; where you know in the previous lecture, we would have seen that you know functions of management like you know planning, organising, staffing, coordinating, directing. Where, we are going to talk about the principles of all these; you know principles of planning, organising, staffing, coordination and directing, we will see in detail now.

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The slide is titled "Principles of Management" and features a list of planning principles. The presenter, a man in a pink shirt, is visible in the bottom right corner. The slide includes the NPTEL logo and the name "Dr. Khanna" at the bottom.

Principles of Management

1. Principles of Planning includes the followings-

- **Flexibility:** Plan once prepared should have sufficient scope for changing it from time to time
- **Acceptance:** Plan should have acceptance to its target group, adhering to organisational goals.
- **Efficiency:** Plan should be efficiently made to attain objectives of the organisation
- **Innovation:** Plan so prepared should have scope of innovation
- **Reflective thinking:** It includes problem solving thought-process

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Dr. Khanna

Principles of planning, principles of planning it talks about flexibility. You know plan once prepared should not have should have the you know definitely have a sufficient scope for changing it from time to time. Why the flexibility is important? Because, you know when you have a plan which if you make a very rigid plan, where you know you say in that I am not no more going to make any changes into my plan. Then it is it will be very difficult for a management.

For example, you would have planned something, you would have started to implement then you learn that now way what we planned is actually not working. Then I should have a flexibility whether I can go back and you know change certain things. So, that you know what I have seen is been failed in the implementation part be taken care. So, that is why you know flexibility in the planning is important. You should be you know not be that rigid that you know once it is planned it is on the paper, I cannot change.

You know you cannot be that way, now your plan should have some flexibility where you can accommodate some changes can be you know can be accommodated. Then acceptance, plan should have its acceptance to its target group for example, I am making a plan for my team members.

So, who has to accept my plan? It is not my top management. Who has to accept my plan? My team members have to accept my plan right. So, the planning should have

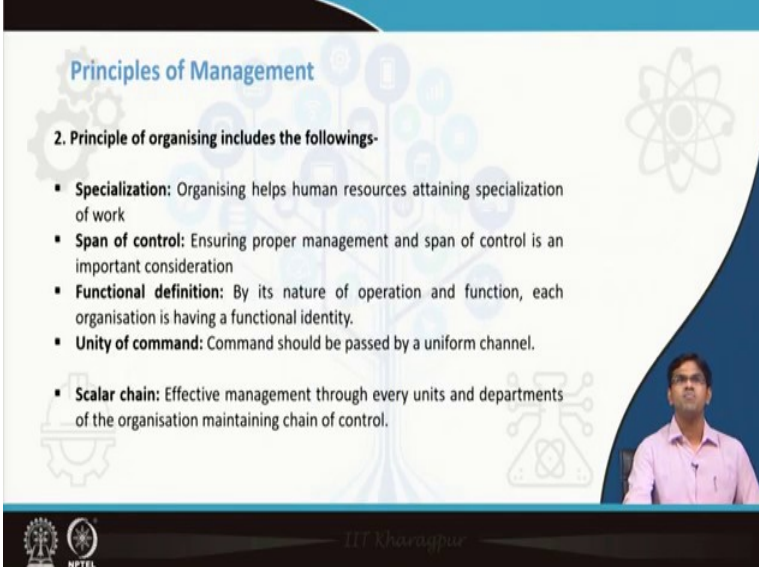
acceptance by the target group. Let us say my top-level management make some decisions, where my employees are really unhappy about it.

Then what will happen eventually? This whole plan will fail because my employees are unhappy about it, like say you know we are making some plan for the customers, customer has to accept the plan right. So, that you know your prosperity of the organization grows right. So, the acceptance is important in the principles of planning. Then efficiency, plan should be efficiently made to attain objectives of the organizations. You need to make an efficient plan; you know how you can make you know use least resources to you know attain the more goals right.

You know efficiency in the planning is very important. Then innovation, plans should be prepared to have some scope for innovation right. You know you cannot have the all conventional method of you know having, you need to create plan which can give some scope for the innovations or some creativity can take place right. Then reflective thinking, it includes you know problem solving thought process.

You know reflective thinking, you should always know think reflect on the what happened earlier, bring back those knowledges here when you are making a planning. You know you cannot just forgo whatever you learnt earlier; you need to try to bring in those perspective when you are making the planning.

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The slide is titled "Principles of Management" and features a background with various icons representing management concepts like gears, a lightbulb, and a network. A presenter is visible in the bottom right corner. The slide content is as follows:

Principles of Management

2. Principle of organising includes the followings-

- **Specialization:** Organising helps human resources attaining specialization of work
- **Span of control:** Ensuring proper management and span of control is an important consideration
- **Functional definition:** By its nature of operation and function, each organisation is having a functional identity.
- **Unity of command:** Command should be passed by a uniform channel.
- **Scalar chain:** Effective management through every units and departments of the organisation maintaining chain of control.

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So, we will go to the next, principles of organizing; you know it includes specializations. You know organizing helps you know human resources attaining specializations of work, you know as the one of the principles we talked about in the Henri Fayol's which is specialization right. So, you need to create the specializations of work in the place. And span of control, ensuring proper management span of control is an important consideration.

And, you know as we discussed about in the even the previous principles, where the span of controls is important. And, you know you need chain of command we are talking about who is going to give control you know decision, orders to others. Who is going to follow those orders is all very important, a span of control across the different functional area? And functional definitions, you know as an organization you might have different functional areas, you need to clearly define those functions and demarcate those function areas.

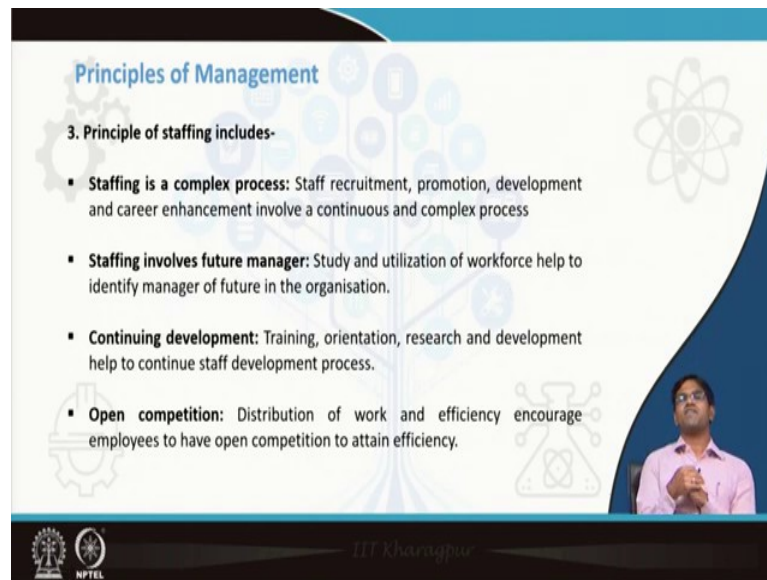
So, that so that you know it is very clear what are the activities which belongs to this particular functional area, what are the activities which are you know belong to the particular functional area. For example, you have the you know some you know activities which falls in two category, two disciplines, two functional areas then it becomes very confusing.

Then some people will say that this belongs to that particular functional area, some will say no this is not belonging to me, it has to be done by them. So, there should be a clear functional definition has to be made; so, that you know the demarcation is done. They know that this belongs to them and this belongs to this particular functional area.

Then unity of command, you know as we say you know we should we as we said you know we should also know the hierarchy. Now who has the highest hierarchy, who has to follow whom should be passed through a uniform channel ok. And, scalar chain is very similar to the chain of control we talked about in the you know principles of given by the Henri Fayol. You know effective management through every units in departments of the organizations maintaining the chain of control, which is very important.

You know you cannot you know move out of the chain of control. So, it has to be always followed through a specific structure or hierarchy ok.

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Principles of Management

3. Principle of staffing includes-

- **Staffing is a complex process:** Staff recruitment, promotion, development and career enhancement involve a continuous and complex process
- **Staffing involves future manager:** Study and utilization of workforce help to identify manager of future in the organisation.
- **Continuing development:** Training, orientation, research and development help to continue staff development process.
- **Open competition:** Distribution of work and efficiency encourage employees to have open competition to attain efficiency.

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Now, principles of staffing, staffing is a complex process. You know staffing is talking about you know recruiting people; it also talks about promotions, career development, you know training provided to the employees. This is very complex process. So, staffing involves future manager also, meaning that it is not only about hiring new people to my organization; I should also you know utilize the work force and identifying certain set of work force who can become a potential manager right. So, it is also about a succession planning.

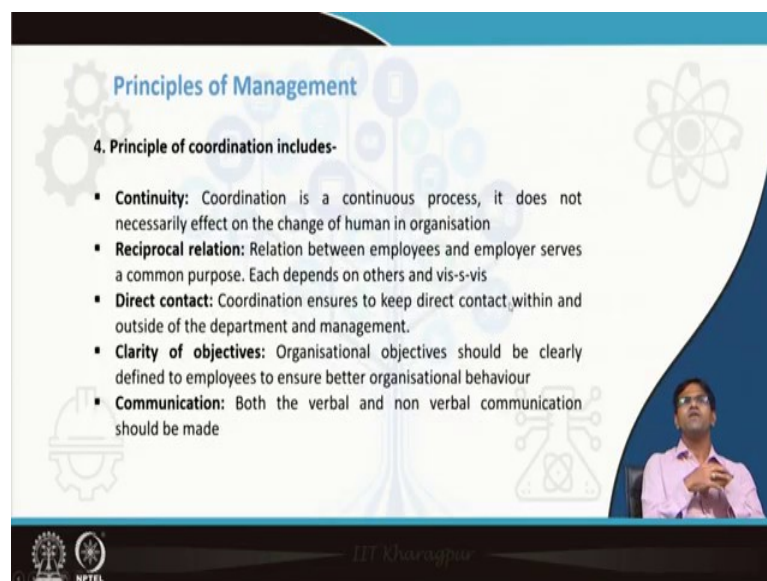
You know staffing involves future managers; you need to identify grow the future managers in your organization. Because, imagine that you know cannot bring a manager from the outside world to your organization, though it is possible. I do not say that you know it is not possible, it is possible to bring a manager from an outside an organization. But the time they will take to you know integrate into the organization will be much longer than the person who has already in your organization.

Now, you always you know create a succession planning; so, that you can make the managers. Then the principles of staffing, it also talks about continuing development. You know there should be always be a continuous development should be proven out to be taken care. For example, providing training, orientation programs, you know conducting multiple workshops, you know skill development programs. Because, as we say you know in an organization is likely to have lot of changes.

You know the project changes, technology changes, you know advancement in the technology. There is always you know growth and change, change is parallel. So, you know you need to ensure that you know your employees are also continue to develop, you know learning. Then open competition, you know I mean know distribution of work and efficiency encourage employees to have open competition to attain you know efficiency right.

You know you need to distribute in such a way that everybody can compete each other to increase the efficiency in a positive way right. You should create open competition that now two teams are working under particular project, who does the best work. So that now as an organization you are able to you know have a better outcome. It is not about the competition between the two teams, it is about the better outcome for the organization.

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The slide is titled "Principles of Management" and focuses on the "4. Principle of coordination includes-". It lists five key aspects of coordination:

- **Continuity:** Coordination is a continuous process, it does not necessarily effect on the change of human in organisation
- **Reciprocal relation:** Relation between employees and employer serves a common purpose. Each depends on others and vis-s-vis
- **Direct contact:** Coordination ensures to keep direct contact, within and outside of the department and management.
- **Clarity of objectives:** Organisational objectives should be clearly defined to employees to ensure better organisational behaviour
- **Communication:** Both the verbal and non verbal communication should be made

The slide also features a small inset image of a man in a pink shirt speaking, and logos for IIT Kharagpur and NPTEL at the bottom.

We will see about the principles of coordination. It includes continuity, coordination is a continuous process, it does not necessarily affect on a change of human in an organisations. You know it is a continuous activity, the coordination is a continuous process; it should you know continue to happen. And, reciprocal relations, relation between employee and employer serves a common purpose; you know each depends on each other and a vice versa right.

So, there is a reciprocal relation, employer the management is dependent on these employees and employees also dependent on their employers. So, there is a mutual dependency between each other and there should be a mutual reciprocal relation. I do this and you do this to me and there is a reciprocal relation between both the employer and employees. And direct contact, coordination ensures to keep direct contact within and outside the department and management.

You know it is also important, when you are talking about the coordination you should have the you know contact within the organization and the outside the organization. So, that the coordination you know happens smoothly ok.

Clarity of objectives, organizational objective should be clearly defined to employee to ensure better organizational behavior. This is very essential in an organization, because whatever the objective is been defined, it should be clear, simply written. So, that every employee in my organization able to understand.

Why it is important? Unless otherwise your employee does not understand the objective of the organization, you cannot expect them to achieve the objectives. So, objective has to be clear and it has to be clearly communicated, everybody should understand the objectives; so, the clarity of the objective is important.

Then communication, you know communication talks about you know both verbal and non-verbal communication because, it plays an you know important role in creating the coordination between teams, between department, functional areas, between the organization and all intra organizational, intra organization all we are talking about. So, the communication is important the principles of coordination ok.

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Principles of Management

5. Principles of directing includes-

- **Unity of command:** Direction to employees should be given through proper channel and one employee should have one source.
- **Harmony objective:** The employees and employer should have good relationship
- **Effective communication:** Verbal and written communication should be effectively made
- **Managerial leadership:** Managers need to take leadership to control and direct employees
- **Maximizing individual contribution:** System should be adopted to encourage maximum contribution of employees.

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Principles of directing, unity of command; direction to employee should be given through proper channel and one employee should have one source. So, I am repeating it again because you know as I said earlier you cannot have two managers giving you orders, then you can never be able to perform at least one of them right. So, you should be very clear, you know employee should have only one source of control and direction. Subordinate should be clear to you know whom he or she has to report.

Harmony objective you know employees and employers should have a good relationship. When you are having directing principles of directing there should be employer and employee should have a you know cordial relationship between each other.

Then effective communication: verbal and written communication should be effectively made. So, that the principle of (Refer Time: 23:42) or somebody is directing and how-to making orders; so, the effective communication is important. Now, what you been trying conceiving something and if you are saying something else and it is actually going to create a lot of conflict.

So, it should have an effective communication, what you are trying to convey has to be conveyed and the receiver also has to receive in the same essence what you are trying to convey. So, that is what the effective communication is always meant and the communication you know always ends with the feedback. You know for example, let us say I say something to you and you are able to understand the same way, how you will

ensure that you understand the same way? Somebody gives the feedback to me, yes, I understand.

So, this what you are trying to say. So, then managerial leadership, manager need to take leadership to control and direct employees ok. So, as I said you know in directing it is also important that you make a control. You need to you know make orders and control people and monitor people ok.

Maximizing individual contribution, you know system should be adapted to encourage maximum contribution of the employees. So, we always trying to say, that you know maximizing the individual contributions in towards the achieving the organization goals right.

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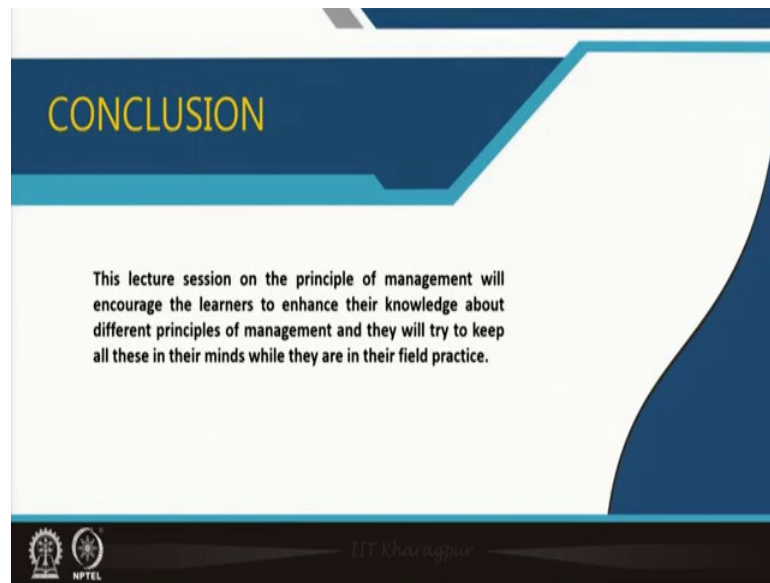


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The slide features a blue and white geometric design. In the bottom right corner, there is a small video inset showing a man in a pink shirt speaking. At the bottom left, there are logos for IIT Kharagpur and NPTEL. The text 'IIT Kharagpur' is also visible in the bottom center.

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These are the references ok. This session would have enlightened you on these certain important key principles of the management, Henri Fayol's 14 principle is very important. We also looked at the other you know guiding principles of the management which we have talked about planning, organizing, staffing, controlling, coordination.

Thank you.