

# Principles of Management

## Introduction

Management is essential to any organization that wishes to be efficient and achieve its aims. Without someone in a position of authority there would be organizational anarchy with no structure and very little, if any focus. It has been said that management has four basic functions – planning, organizing, leading and controlling. Common sense dictates that without these principles of management being in place an organization would have trouble achieving its aims, or even coming up with aims in the first place!

A classic theory on the principles of management was written by Henri Fayol. It seeks to divide management into 14 principles. We'll take a look at these basic principles of management and explain them in easy to understand terminology.

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## Definition of Management

Management is defined as an organ that aids in managing business, managers, work and workers. The vital tasks of management are marketing and also innovation.

- Important tasks of management = marketing + innovation
- Management is also defined as the art of getting activities done via people in groups. It includes many operations and those are explained with help of a diagram, it is as below:

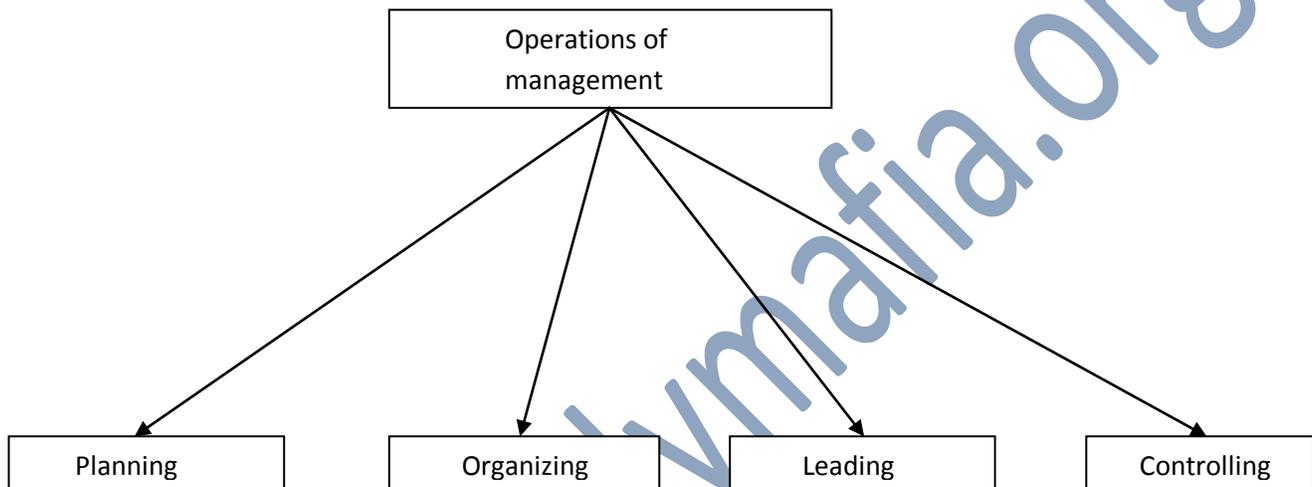


Fig1: operations of management

So, from the above figure, we can easily understand that management is an art of getting the activities done with the aid of operation like planning, organizing, leading and controlling.

## 14 Principles of Management

14 principles of management are statements that are based on a fundamental truth. These principles serve as a guideline for decision-making and management actions.

They are drawn up by means of observations and analyses of events that managers encounter in practice. Henri Fayol was able to synthesize 14 principles of management after years of study, namely:

### 1. Division of Work

In practice, employees are specialized in different areas and they have different skills. Different levels of expertise can be distinguished within the knowledge areas (from generalist to specialist).

Personal and professional developments support this. According to Henri Fayol specialization promotes efficiency of the workforce and increases productivity.

In addition, the specialization of the workforce increases their accuracy and speed. This management principle of the 14 principles of management is applicable to both technical and managerial activities.

### 2. Authority and Responsibility

In order to get things done in an organization, management has the authority to give orders to the employees. Of course with this authority comes responsibility.

According to Henri Fayol, the accompanying power or authority gives the management the right to give orders to the subordinates.

The responsibility can be traced back from performance and it is therefore necessary to make agreements about this.

In other words, authority and responsibility go together and they are two sides of the same coin.

### 3. Discipline

This third principle of the 14 principles of management is about obedience. It is often a part of the core values of a mission and vision in the form of good conduct and respectful interactions.

This management principle is essential and is seen as the oil to make the engine of an organization run smoothly.

### 4. Unity of Command

The management principle 'Unity of command' means that an individual employee should receive orders from one manager and that the employee is answerable to that manager.

If tasks and related responsibilities are given to the employee by more than one manager, this may lead to confusion which may lead to possible conflicts for employees.

By using this principle, the responsibility for mistakes can be established more easily.

## **5. Unity of Direction**

This management principle of the 14 principles of management is all about focus and unity. All employees deliver the same activities that can be linked to the same objectives.

All activities must be carried out by one group that forms a team. These activities must be described in a plan of action.

The manager is ultimately responsible for this plan and he monitors the progress of the defined and planned activities. Focus areas are the efforts made by the employees and coordination.

## **6. Subordination of Individual Interest**

There are always all kinds of interests in an organization. In order to have an organization function well, Henri Fayol indicated that personal interests are subordinate to the interests of the organization (ethics).

The primary focus is on the organizational objectives and not on those of the individual. This applies to all levels of the entire organization, including the managers.

## **7. Remuneration**

Motivation and productivity are close to one another as far as the smooth running of an organization is concerned.

This management principle of the 14 principles of management argues that the remuneration should be sufficient to keep employees motivated and productive.

There are two types of remuneration namely non-monetary (a compliment, more responsibilities, credits) and monetary (compensation, bonus or other financial compensation).

Ultimately, it is about rewarding the efforts that have been made.

## **8. The Degree of Centralization**

Management and authority for decision-making process must be properly balanced in an organization. This depends on the volume and size of an organization including its hierarchy.

Centralization implies the concentration of decision making authority at the top management (executive board). Sharing of authorities for the decision-making process with lower levels (middle and lower management), is referred to as decentralization by Henri Fayol.

Henri Fayol indicated that an organization should strive for a good balance in this.

## **9. Scalar Chain**

Hierarchy presents itself in any given organization. This varies from senior management (executive board) to the lowest levels in the organization.

Henri Fayol's "hierarchy" management principle states that there should be a clear line in the area of authority (from top to bottom and all managers at all levels).

This can be seen as a type of management structure. Each employee can contact a manager or a superior in an emergency situation without challenging the hierarchy.

Especially, when it concerns reports about calamities to the immediate managers/superiors.

## **10. Order**

According to this principle of the 14 principles of management, employees in an organization must have the right resources at their disposal so that they can function properly in an organization.

In addition to social order (responsibility of the managers) the work environment must be safe, clean and tidy.

## **11. Equity**

The management principle of equity often occurs in the core values of an organization.

According to Henri Fayol, employees must be treated kindly and equally. Employees must be in the right place in the organization to do things right.

Managers should supervise and monitor this process and they should treat employees fairly and impartially.

## **12. Stability of Tenure of Personnel**

This management principle of the 14 principles of management represents deployment and managing of personnel and this should be in balance with the service that is provided from the organization.

Management strives to minimize employee turnover and to have the right staff in the right place. Focus areas such as frequent change of position and sufficient development must be managed well.

### **13. Initiative**

Henri Fayol argued that with this management principle employees should be allowed to express new ideas.

This encourages interest and involvement and creates added value for the company. Employee initiatives are a source of strength for the organization according to Henri Fayol.

This encourages the employees to be involved and interested.

### **14. Esprit de Corps**

The management principle 'esprit de corps' of the 14 principles of management stands for striving for the involvement and unity of the employees.

Managers are responsible for the development of morale in the workplace; individually and in the area of communication. Esprit de corps contributes to the development of the culture and creates an atmosphere of mutual trust and understanding.

## **Principles of Management – The Importance of the Principles**

Having a clear management structure in place is vital for any successful organization. Efficient and well intentioned management sets the tone for the rest of the staff. It is common for the attitude approach of managers to filter through the entire organization, so having managers working in an exemplary way is an excellent example for employees to follow.

### **In conclusion on the 14 Principles of management**

The 14 principles of management can be used to manage organizations and are useful tools for forecasting, planning, process management, organization management, decision-making, coordination and control.

Although they are obvious, many of these matters are still used based on common sense in current management practices in organizations. It remains a practical list with focus areas that are based on Henri Fayol 's research which still applies today due to a number of logical principles.

### **REFERENCE**

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- [www.wikipedia.com](http://www.wikipedia.com)
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