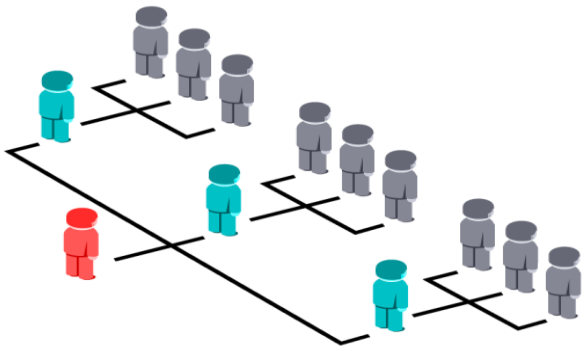
PRINCIPLES OF MANAGEMENT BY HENRI FAYOL

Principles of Management guide leaders to run organizations effectively by helping them plan, organize, and motivate teams. They provide frameworks to tackle challenges in managing people and resources. These principles cover practices that optimize resources, encourage innovation, and improve performance. By offering a systematic approach to decision-making and problem-solving, they help managers achieve results in a dynamic business environment.

It is a universal and general concept for decision-making and execution. It is based on experience and changes in the business industry; therefore, these principles may not be as firm as those of science. They involve human behaviour and are used accordingly in the required situation. Thus, these principles change with time. For example, while making a decision regarding the promotion of an employee, one manager may decide considering his age or rank. Whereas some other managers may promote the employee based on his conduct and performance.

Principles of Management by Henri Fayol

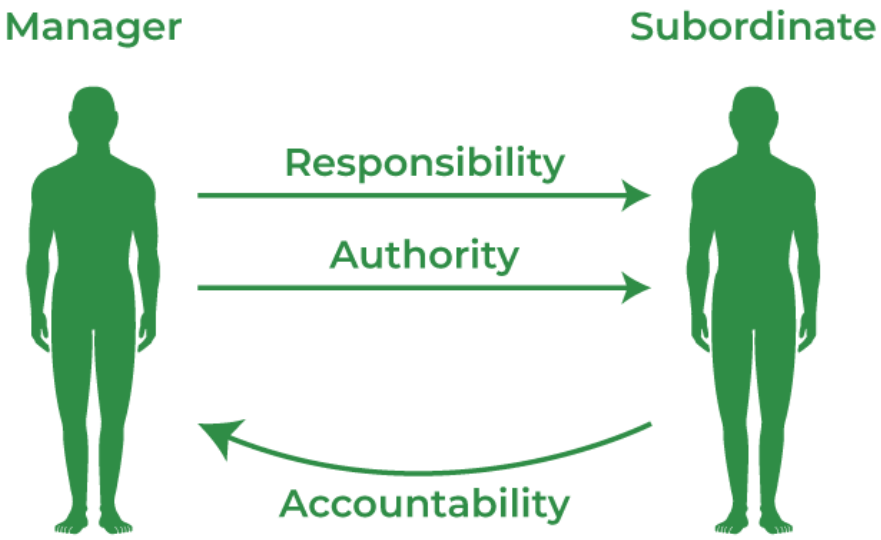
1. Division of Work



It refers to dividing the work into different individuals. Fayol recommended that work of all kinds must be divided and allocated as per competence, qualification, and experience of individuals. As "Division of Work intends to produce more and better work for the same effort. Specialization is the most efficient way to use human effort."

For example: a bank has several operations, like collection and payment of cash, issue of cheque books, etc. All those activities are divided and allocated to a different person in the bank. This method of doing work also improves their efficiency and makes them experts in their field.

2. Authority and Responsibility



According to this principle, there should be a proper balance between authority and responsibility. Authority is the duty, which a subordinate is expected to perform. Authority and responsibility go hand in hand. Authority without responsibility leads to irresponsible behaviour, while responsibility without authority will make a person ineffective.

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.

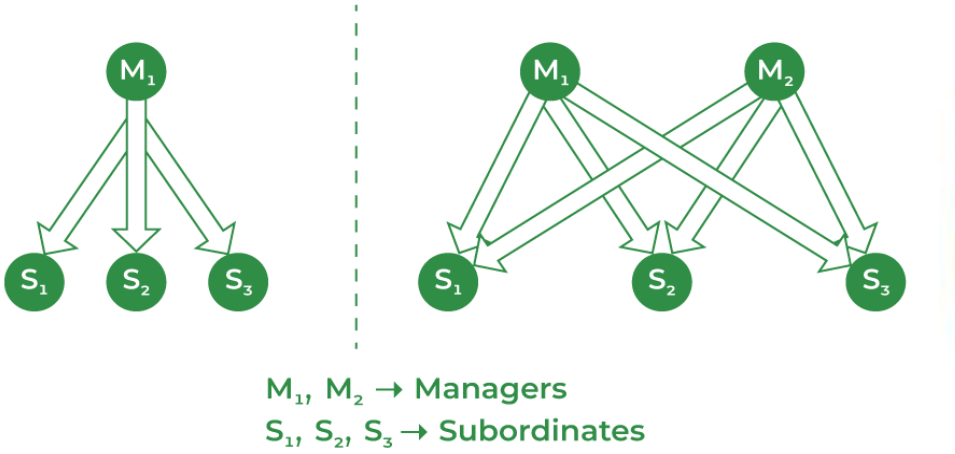
For example: if a foreman is given the responsibility to produce 50 units per day, then he must be given the required authority to achieve this target. If he is not given authority to draw raw material from the stores, then he cannot be blamed.

3. Discipline

Discipline refers to obedience to the rules and regulations of the organization. Discipline requires good supervision at all levels of management. According to Fayol, good supervision at all levels, clear and fair rules, and a built-in system of penalties will help to maintain discipline. It is a must for all levels of management.

For example: employees must be disciplined to work effectively and efficiently to meet their promises of bonuses, increments, and promotions. Its smoothness systemizes the functioning of an organization by providing better relations between management and employees.

4. Unity of Command



It means that each employee should receive orders from only one superior and be accountable to that person alone. This avoids confusion, conflict, and inefficiency. If a subordinate receives instructions from multiple superiors, it becomes difficult to decide whose order to follow, which can lead to delays and mistakes.

For example : there is a salesperson who is asked to clinch a deal with a buyer and he is allowed to give a 12% discount
by the marketing manager. But the finance department tells him not to offer more than a 6% discount. In this case, there is no unity of command, which will lead to confusion and delay.

5. Unity of Direction

It implies that there should be one head and one person for proof of activities having the same objectives. According to this principle, all the activities should be carried under the

direction of one head**,** and there should be effective coordination in all the activities. This principle ensures unity of action and avoids unnecessary duplication of work.

For example: if an organization has four departments for different activities, then each department must be directed by one superior, and its employees should give their whole efforts to achieving the plan of the organization. Each division should have its in charge, plans, and execution resources. There should not be an unnecessary duplication of efforts and a waste of resources.

6. Subordination of Individual Interest to General Interest



According to this principle, the interest of the organization as a whole must prevail over the interest of the individual. Simply put, the interest of the organization should be placed above the interest of employees. It is the duty of the manager to reconcile them. If reconciliation is impossible, then general interest must supersede individual interest. A manager must sacrifice his interest. Manager can achieve their objectives when the organization recovers from financial crises.

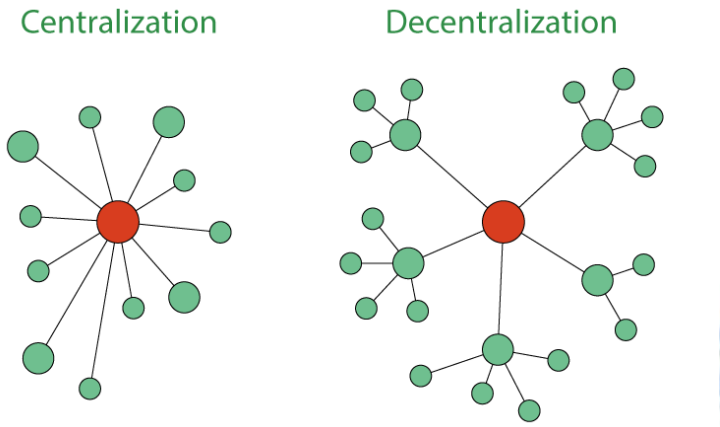
For example, there is a company that wants maximum output from its employees by providing less salaries. There are employees on the other hand who want to get the maximum salary while working the least. In both situations, the interests of the company will supersede the interest of any one individual, as the interests of the workers and stakeholders are more important than the interests of any one person.

7. Remuneration of Employees

According to this principle, remuneration should be fair and satisfactory to both employees and the organization. This principle leads to harmonious relations in the organization. Fair remuneration should be determined based on government rules related to wages, financial position of the organization, nature of work, and cost of living. Employees should be paid reasonable wages for their service, which should provide them with a moderate standard of living.

For example, if an organisation earns higher profits, then it should share some of its parts with the employees in the form of bonus.

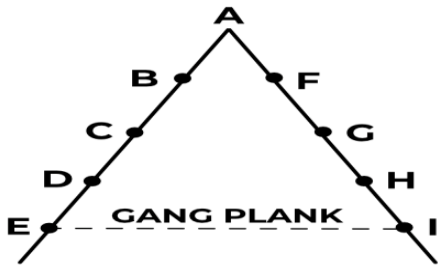
8. Centralization and Decentralization



Centralization refers to the concentration of authority at the top level, and decentralization means distribution at all levels of management. According to this principle, there should be a proper balance between centralization and decentralization. The degree of centralization and decentralization depends on various factors, such as experience of the employees, ability of subordinates, size of the organization, etc. Too much centralization lead to loss of control of top management. Therefore an optimum balance should be maintained according to the need of the organization.

For example: Authority to take vital decisions must be given to the top management, whereas authority related to operational activities must be given to the middle and lower level.

9. Scalar Chain



According to this principle, there is a scalar chain of authority and communication that moves in a straight line from the superior to the lowest subordinate. Henri Fayol permitted a shortcut of chain in case of urgency known as *gang plank.* Gang plank allows direct communication between two employees of the same level.

For example, E wants to communicate with I for some important work. The message should orderly move from E to D, then to C, B, A, and then down from A to F then to G, H and finally to I. This will take lots of time so to avoid this delay in work, Fayol suggested the concept of Gang Plank. In this concept 'E' can communicate directly with 'I' on an urgent matter. Thus, the gang plank allows two employees of the same level to communicate directly with each but each must enforce to its superior.

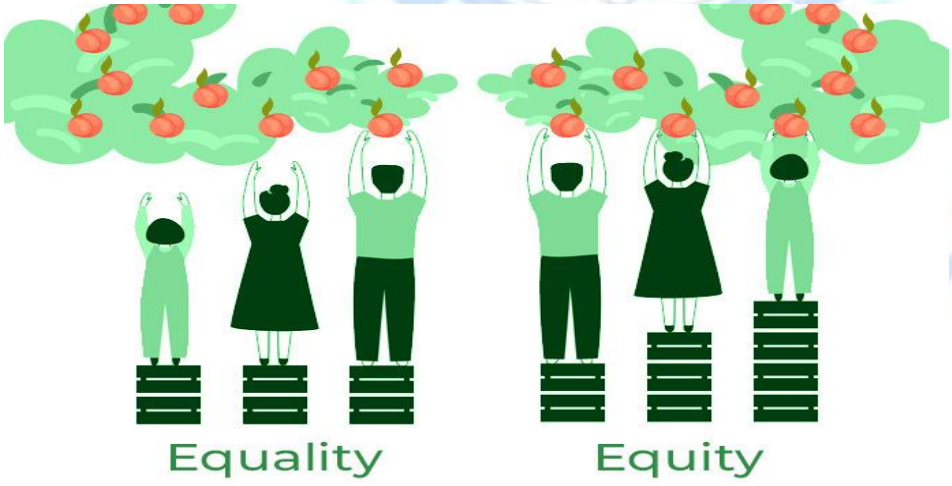
10. Order



According to this principle, there should be a proper place for everything and everyone. Henri Fayol emphasized on two types of order: material order and social order. In material order, there must be a plan for everything. It ensures to fix a place for various material tools. Whereas in social order, there must be an appointed place for every employee, which ensures a proper and fixed place/cabin for each employee.

For example, there should be specific place for foremen in a factory so that the work can be done easily.

11. Equity



According to this principle, there should not be any discrimination amongst employees based on religion, caste, language, or nationality. Equity ensures coordinated relations between superiors and subordinates. It leads to the smooth and successful working of the

enterprise. It improves satisfaction and motivation of the employee, creating relation between manager and employees.

For example: workers doing similar jobs in the same organization should be paid same wages irrespective of their sex, caste, religion and language.

12. Stability of Personnel

According to this principle, there should be proper effort to achieve stability and continuity of employment. Fayol said that employees should be kept in their position for a reasonable time to show stability creates a sense of belonging, and workers are encouraged to improve their quality of work. This will increase the efficiency of employees, and it will also increase the reputation of the organization. Unnecessary labour turnover creates an atmosphere of disbelief. Continuous changes in employees disturb the working environment.

For example: new employees must be given ample time to adapt to new culture and environment of the workplace.

13. Initiative

According to this principle, workers should encourage and should be given an opportunity to take initiative in making and executing the plan. Henri Fayol suggested that employees at all levels should be encouraged to take initiative in work. It motivates employees to work better and to take more interest in the organization. The initiative is a powerful motivator of human behaviour and a source of strength for the organization. This increase the mental growth and feeling of belongingness in employees. It increases the commitment of employees toward the organization. Lack of initiatives may create an atmosphere of non-cooperation.

For example: organizations must have an employee suggestion system so that they have feeling of belongingness.

14. Esprit De Corps

According to this principle, management should take reasonable steps to develop a sense of belongingness and a feeling of team spirit amongst employees. In order to achieve the best possible result, individual and group efforts need to be integrated. Production is a teamwork and it requires the full support of all members. For this purpose, a manager should replace 'I' with 'We' in his conversations to bring a team spirit among the employees. This will develop an atmosphere of mutual trust. It will help in achieving group goals, leading to cordial relations between management and workers .

For example: authority and responsibility meant empowering managers, but now it means empowerment of employees because of flat organizational structures that are gaining ground.