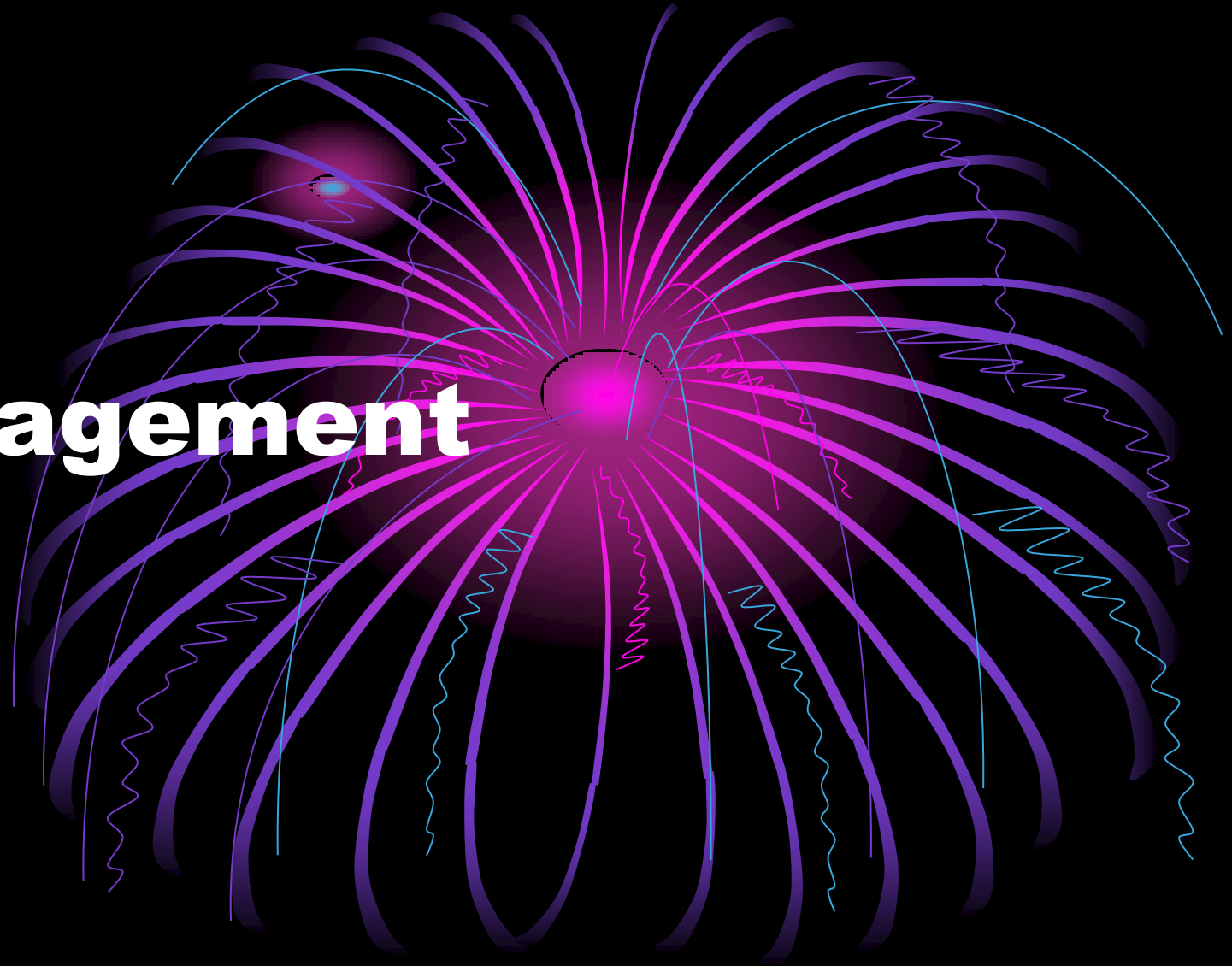




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Management



What Is Management? (According To Fayol)

Fayol's definition of management roles and actions distinguishes between Five Elements:

- **Purveyance.** (Forecast & Plan). Examining the future and drawing up a plan of action. The elements of strategy.
- **To organize.** Build up the structure, both material and human, of the undertaking.
- **To command.** Maintain the activity among the personnel.
- **To coordinate.** Binding together, unifying and harmonizing all activity and effort.
- **To control.** Seeing that everything occurs in conformity with established rule and expressed command.



Definition of Management



- **Management is the process involving organizing, staffing, directing, and controlling human efforts to achieve stated objectives in an organization**

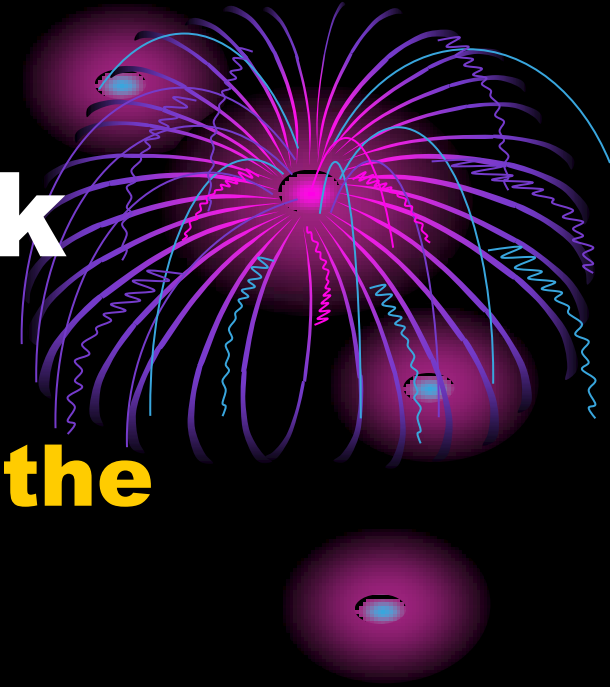
– ----L.M.Prasad (2001)

Henri Fayol's 14 Principles Of Management



1. Division Of Work

Specialization allows the individual to build up experience, and to continuously improve his skills. Thereby he can be more productive.

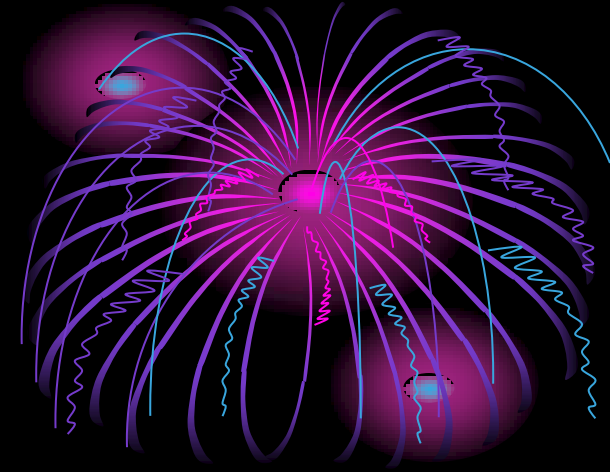


2. Authority

The right to issue commands, along with which must go the balanced responsibility for its function.



3. Discipline



- **Employees must obey, but this is two-sided: employees will only obey orders if management play their part by providing good leadership.**
- **Discipline can be divided as self imposed discipline and command discipline**

4. Unity Of Command

Each worker should have only one boss with no other conflicting lines of command.



5. Unity of Direction

- **People engaged in the same kind of activities must have the same objectives in a single plan.**
- **This is essential to ensure unity and coordination in the enterprise.**
- **Unity of command does not exist without unity of direction but does not**

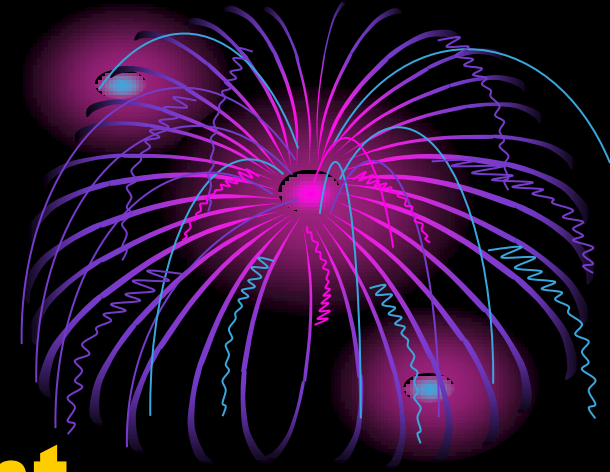


6. Subordination of individual interest to general interest

Management must see that the goals of the firms are always paramount.



7. Remuneration



Payment is an important motivator although by analyzing a number of possibilities, Fayol points out that there is no such thing as a perfect system

8. Centralization (Or Decentralization)



This is a matter of degree depending on the condition of the business and the quality of its personnel.

9. Scalar chain (Line of Authority)

A hierarchy is necessary for unity of direction.

But lateral communication is also fundamental, as long as superiors know that such communication is taking place.





- **Scalar chain refers to the number of levels in the hierarchy from the ultimate authority to the lowest level in the organization.**
- **It should not be over-stretched and consist of too-many levels**

10. Order

- **Both material order and social order are necessary.**
- **The former minimizes lost time and useless handling of materials.**
- **The latter is achieved through organization and selection.**



11. Equity



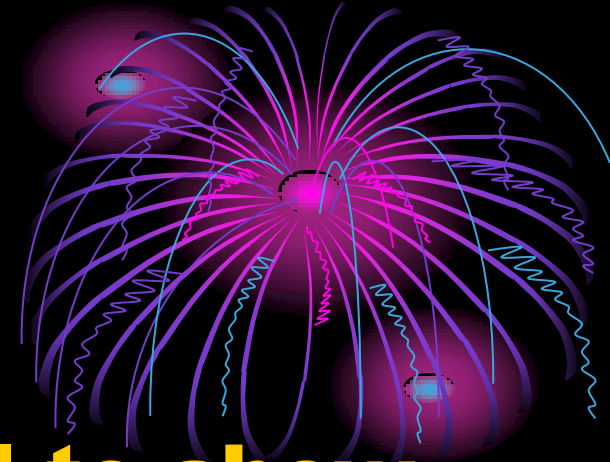
- **In running a business a ‘combination of kindness and justice’ is needed.**
- **Treating employees well is important to achieve equity.**

12. Stability of Tenure of Personnel



- **Employees work better if job security and career progress are assured to them.**
- **An insecure tenure and a high rate of employee turnover will affect the organization adversely.**

13. Initiative



- **Allowing all personnel to show their initiative in some way is a source of strength for the organization.**
- **Even though it may well involve a sacrifice of ‘personal vanity’ on the part of many managers.**

14. Esprit de Corps

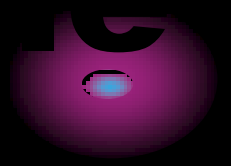
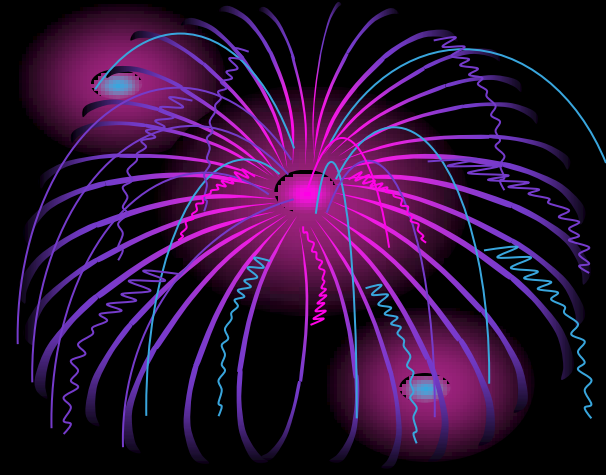
- **Management must foster the morale of its employees.**
- **He further suggests that: “real talent is needed to coordinate effort, encourage keenness, use each person’s abilities, and reward each one’s merit without arousing possible jealousies and disturbing harmonious relations.”**



Application Of Fayol's Principles



- **Change and Organization.**
- **Decision-making.**
- **Skills. Can be used to improve the basic effectiveness of a manager.**
- **Understand that management can be seen as a variety of activities, which can be listed and grouped.**

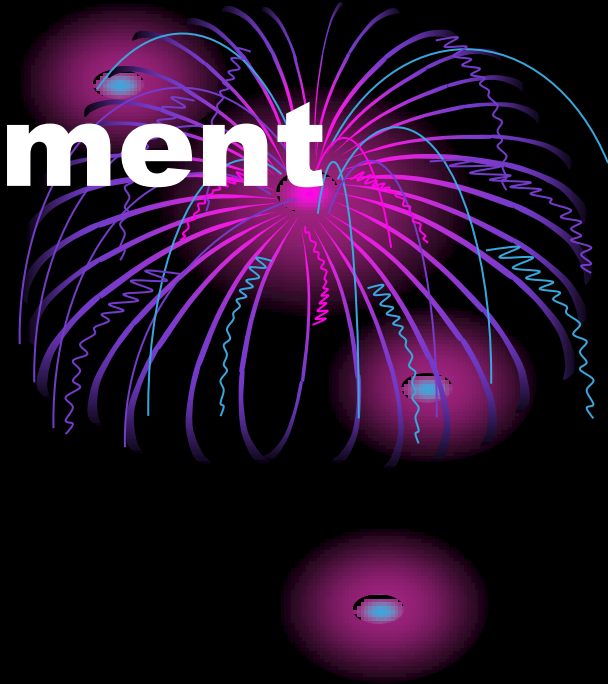




- **Replacing rule of thumb with science**
- **Harmony in group action**
- **Cooperation**
- **Maximum output**
- **Development of workers**

Nature of management principles

- **General statement**
- **Dynamic guidelines**
- **Based on situation**
- **Careful application**
- **Universal application**



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