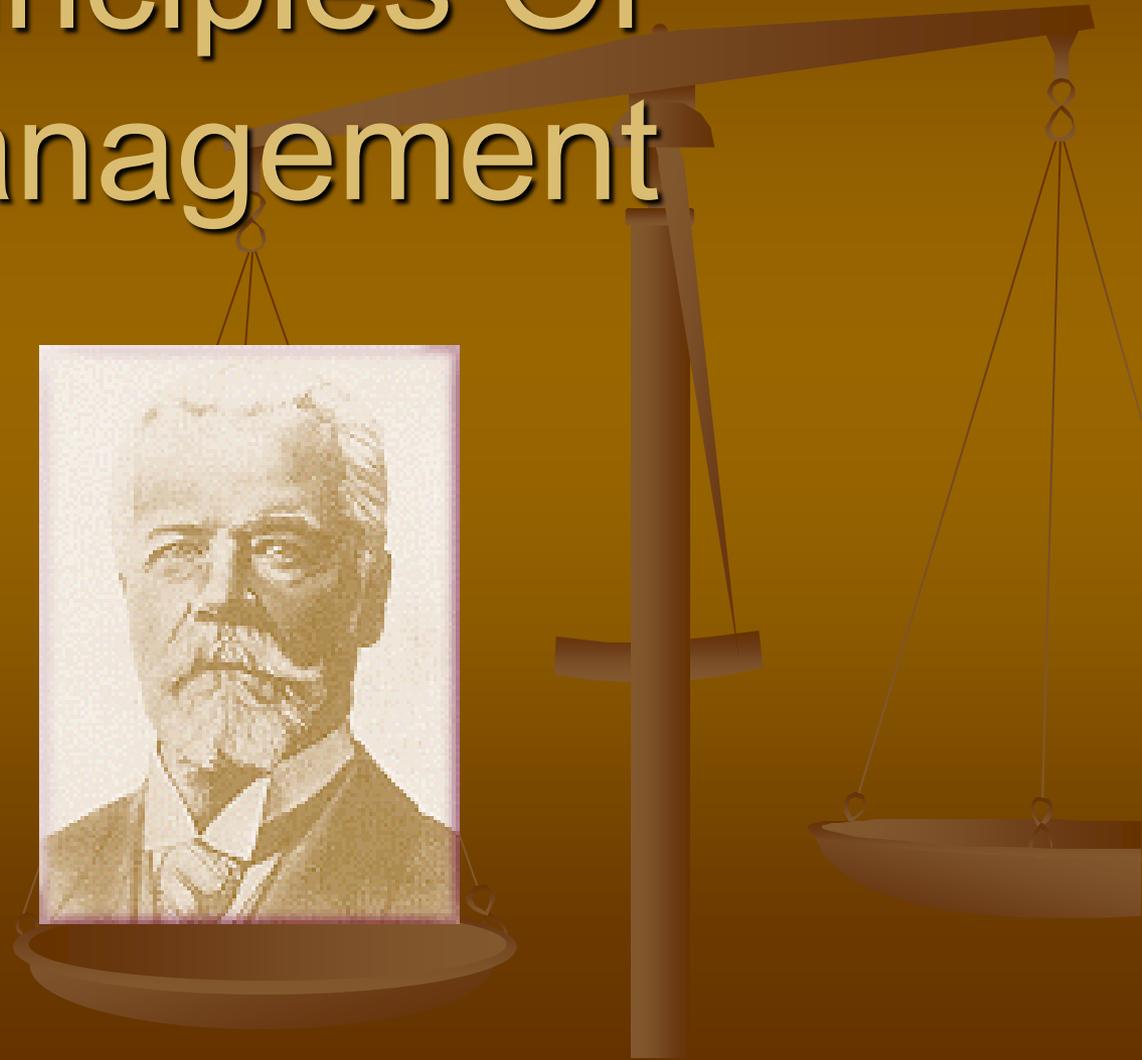


Henri Fayol's 14 Principles Of Management

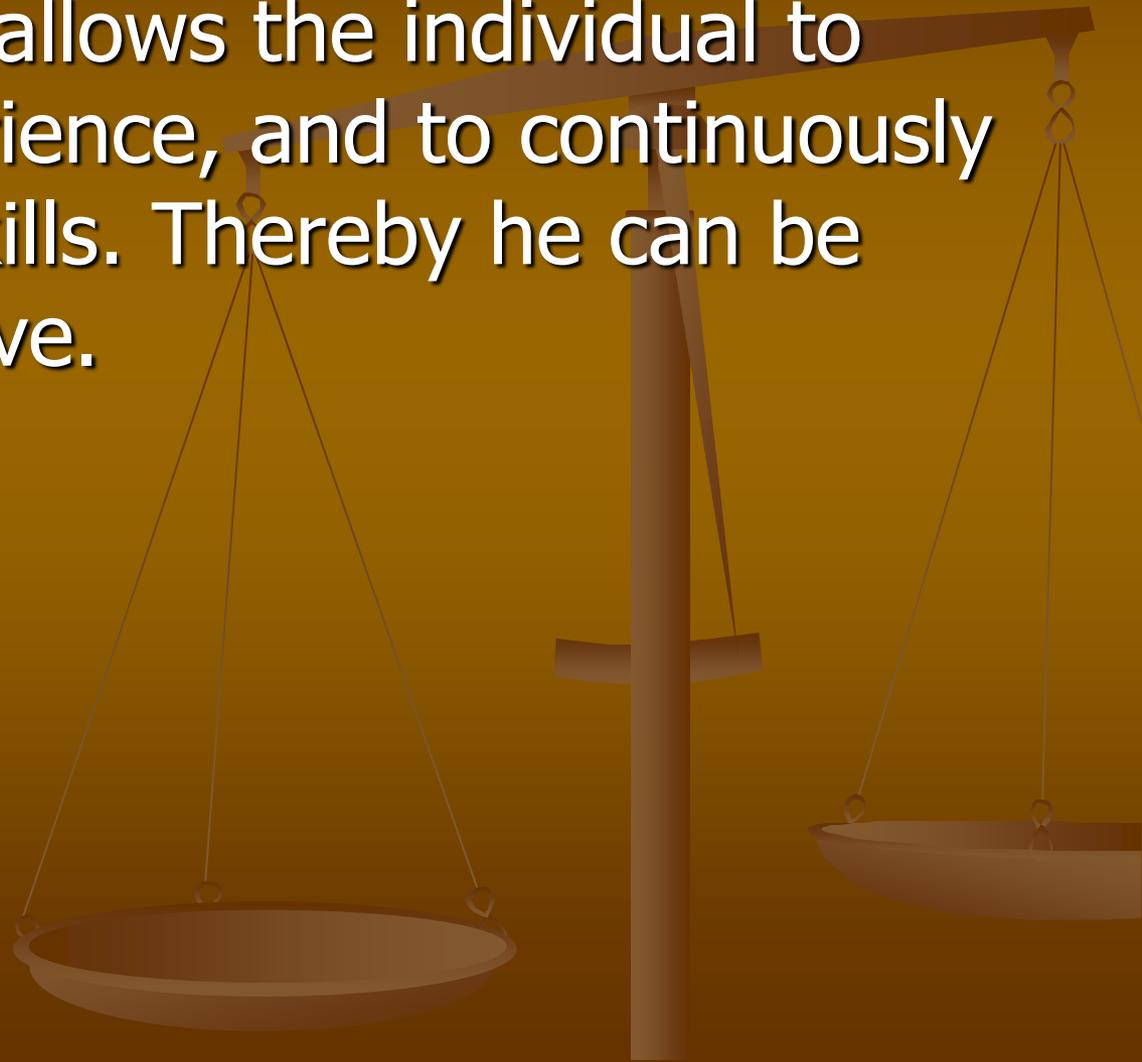


- MRS.CHANDRALEKHA.E
- ASSO.PROF
- ICON



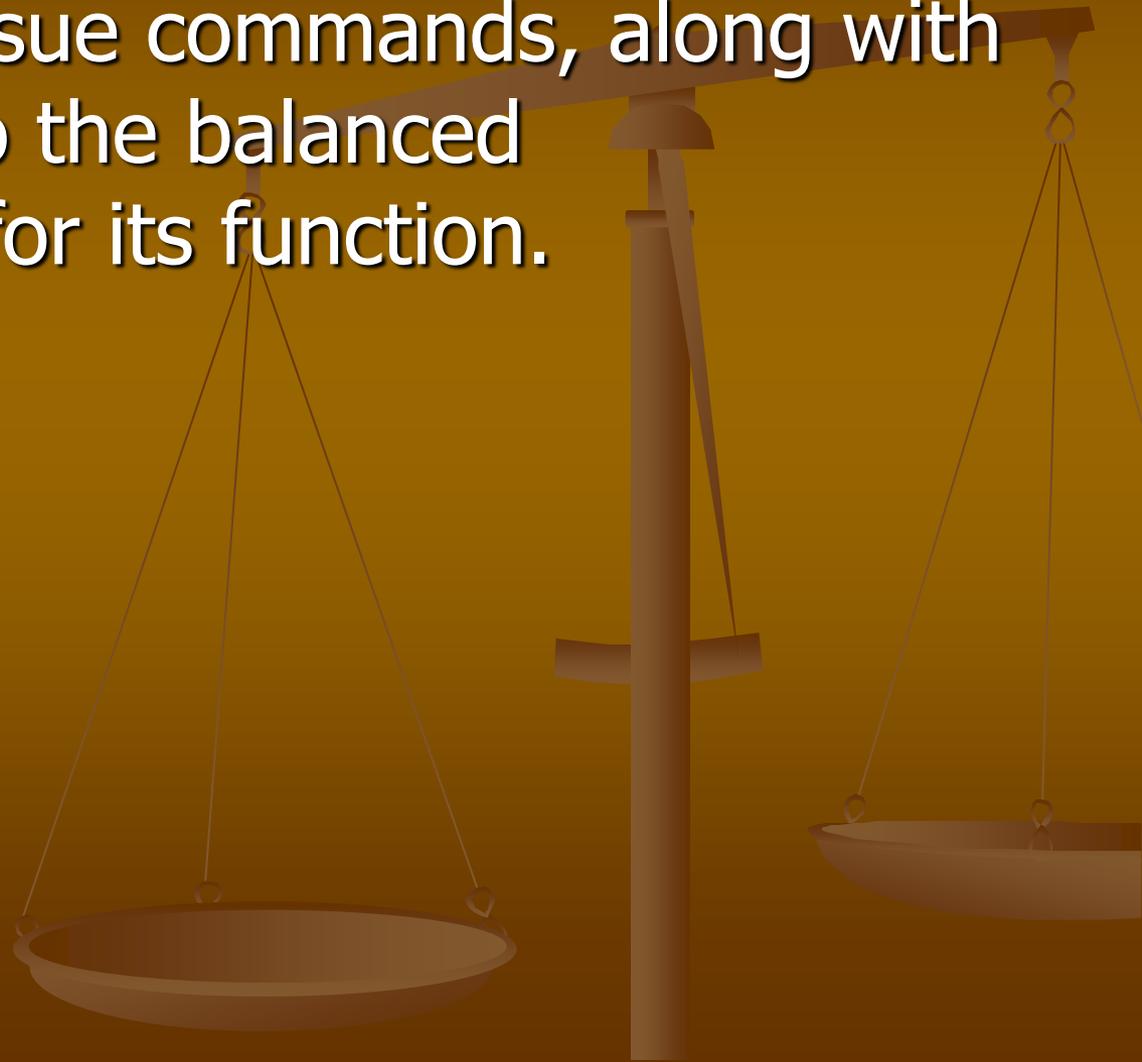
1. Division Of Work

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



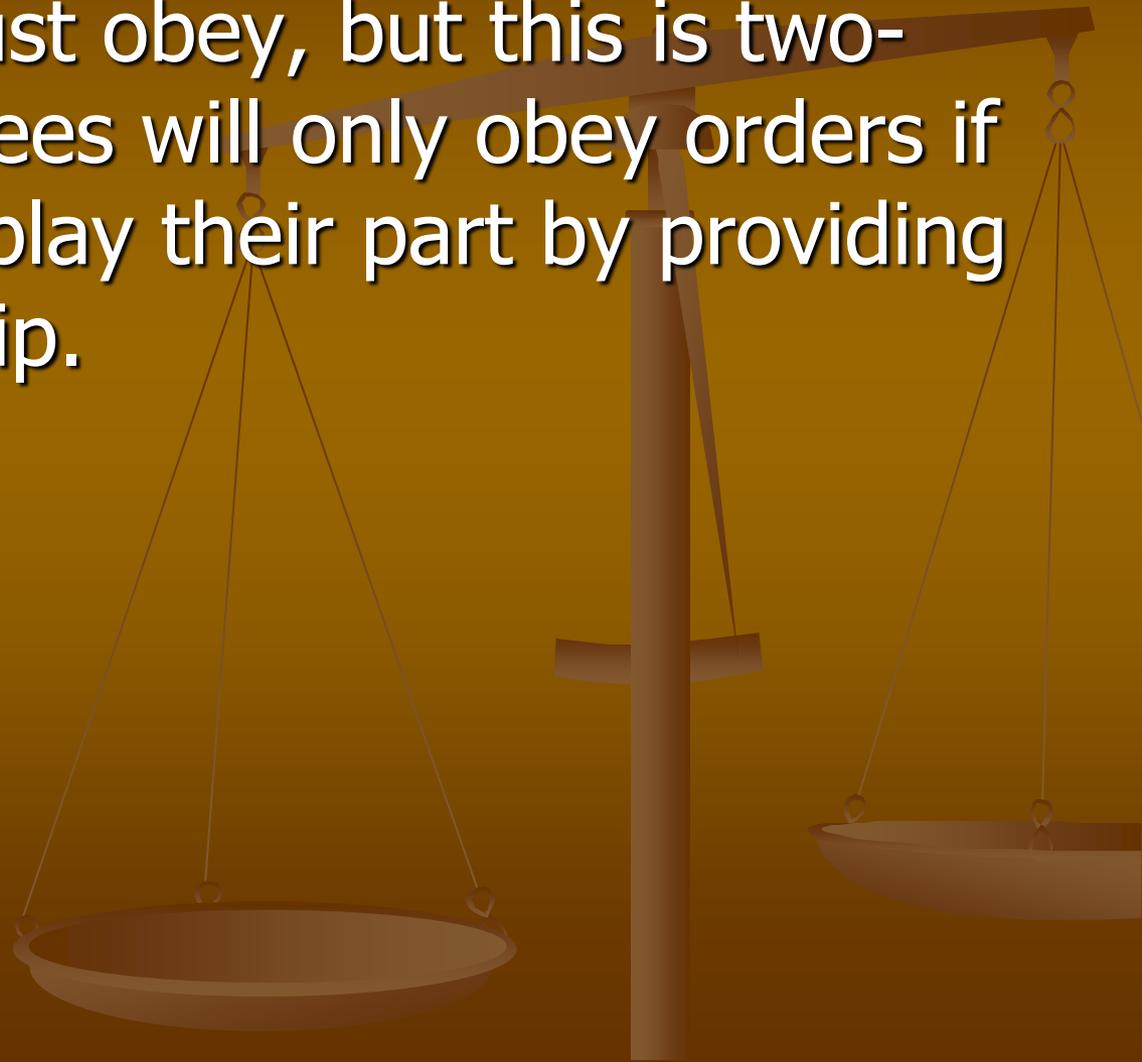
2. Authority

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



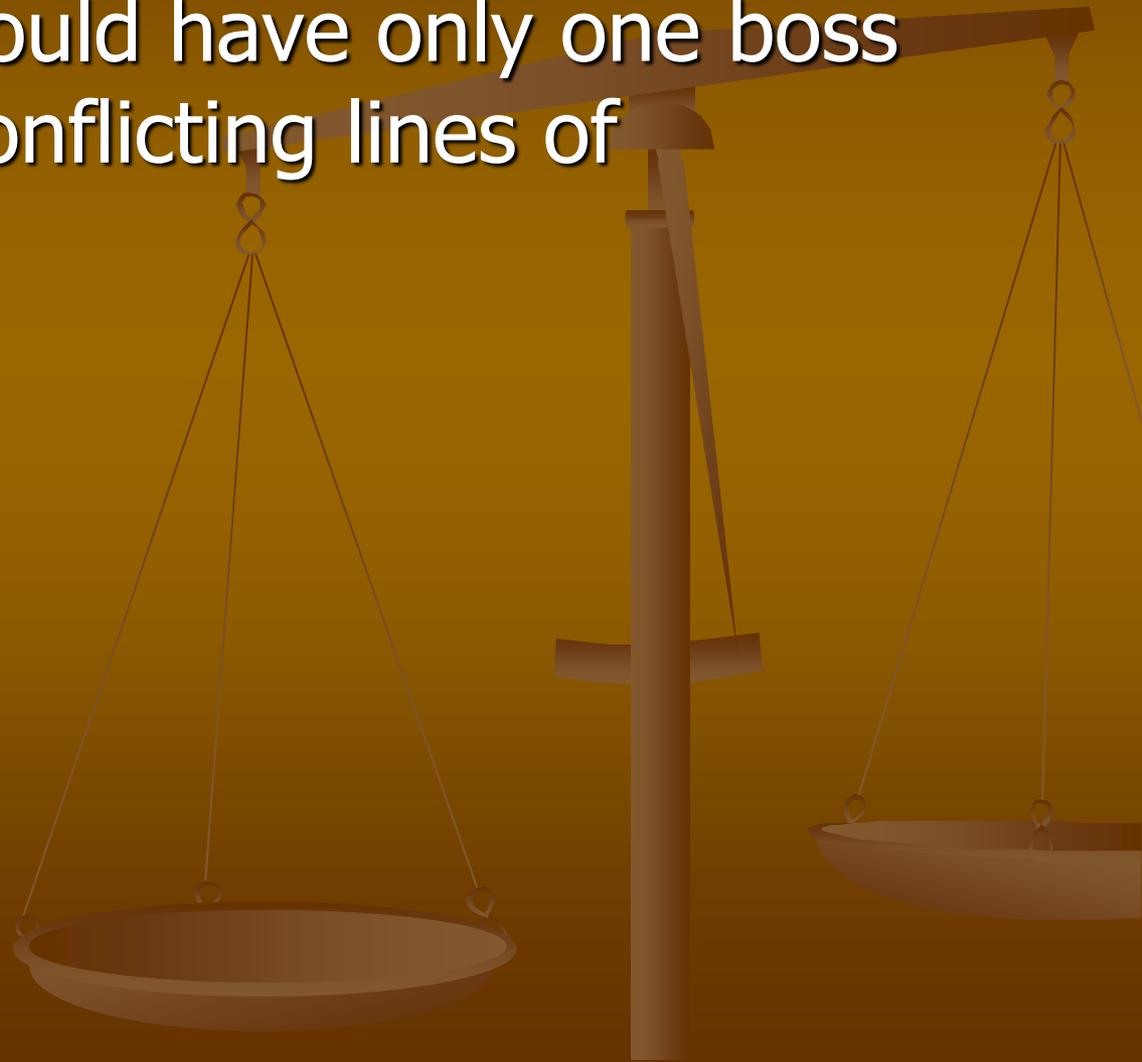
3. Discipline

Employees must obey, but this is two-sided: employees will only obey orders if management play their part by providing good leadership.



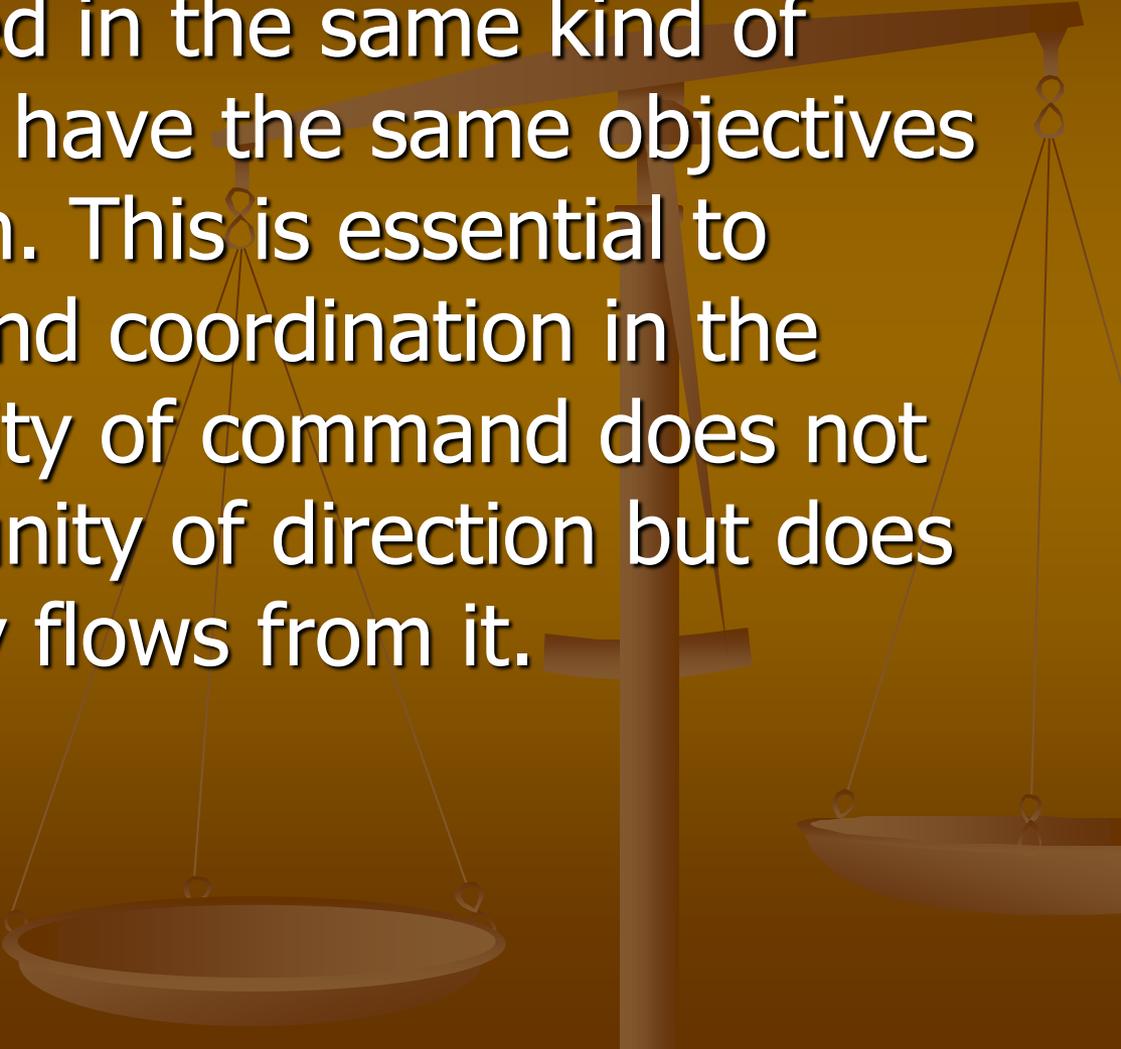
4. Unity Of Command

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



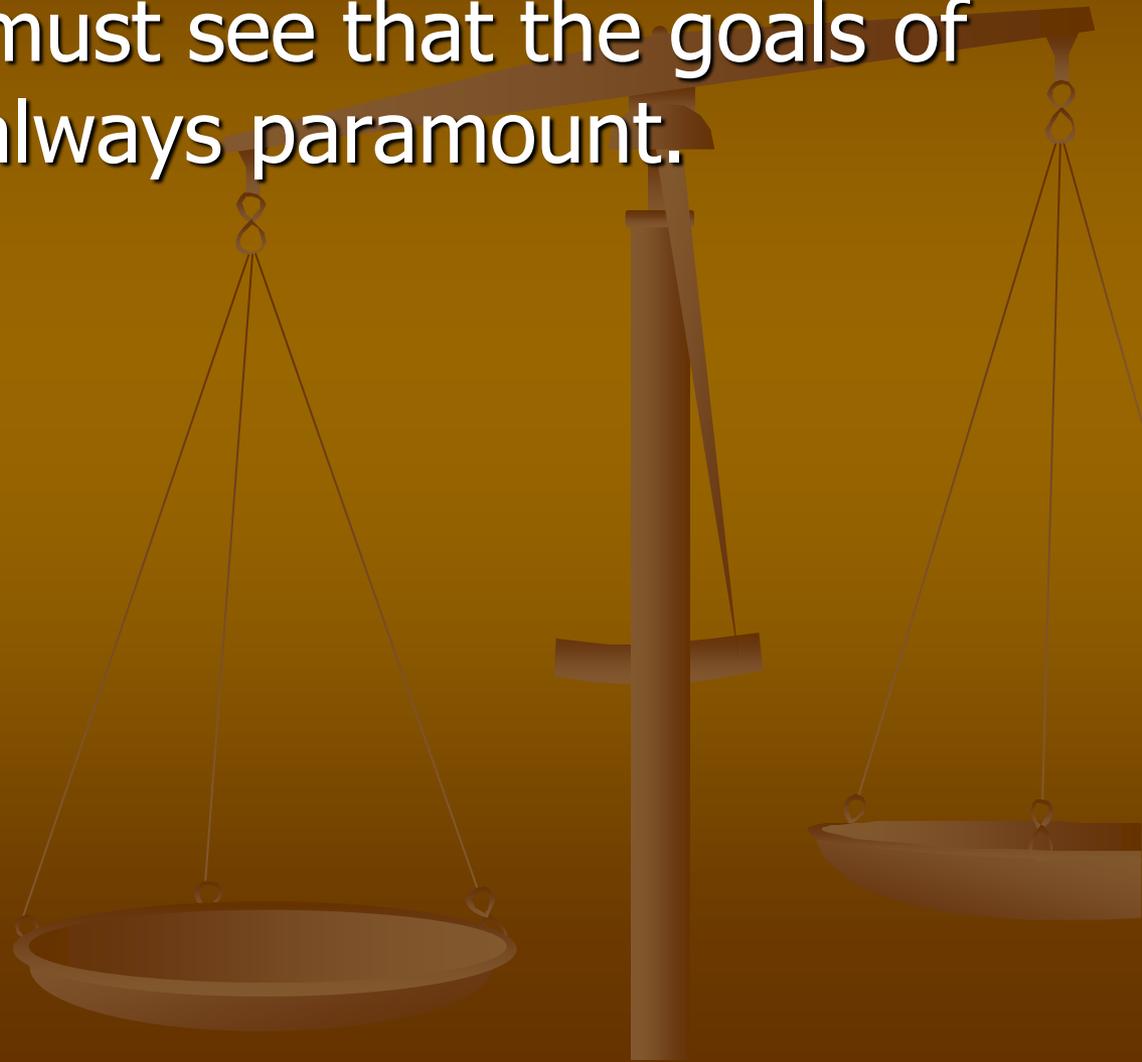
5. Unity of Direction

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 necessarily flow from it.



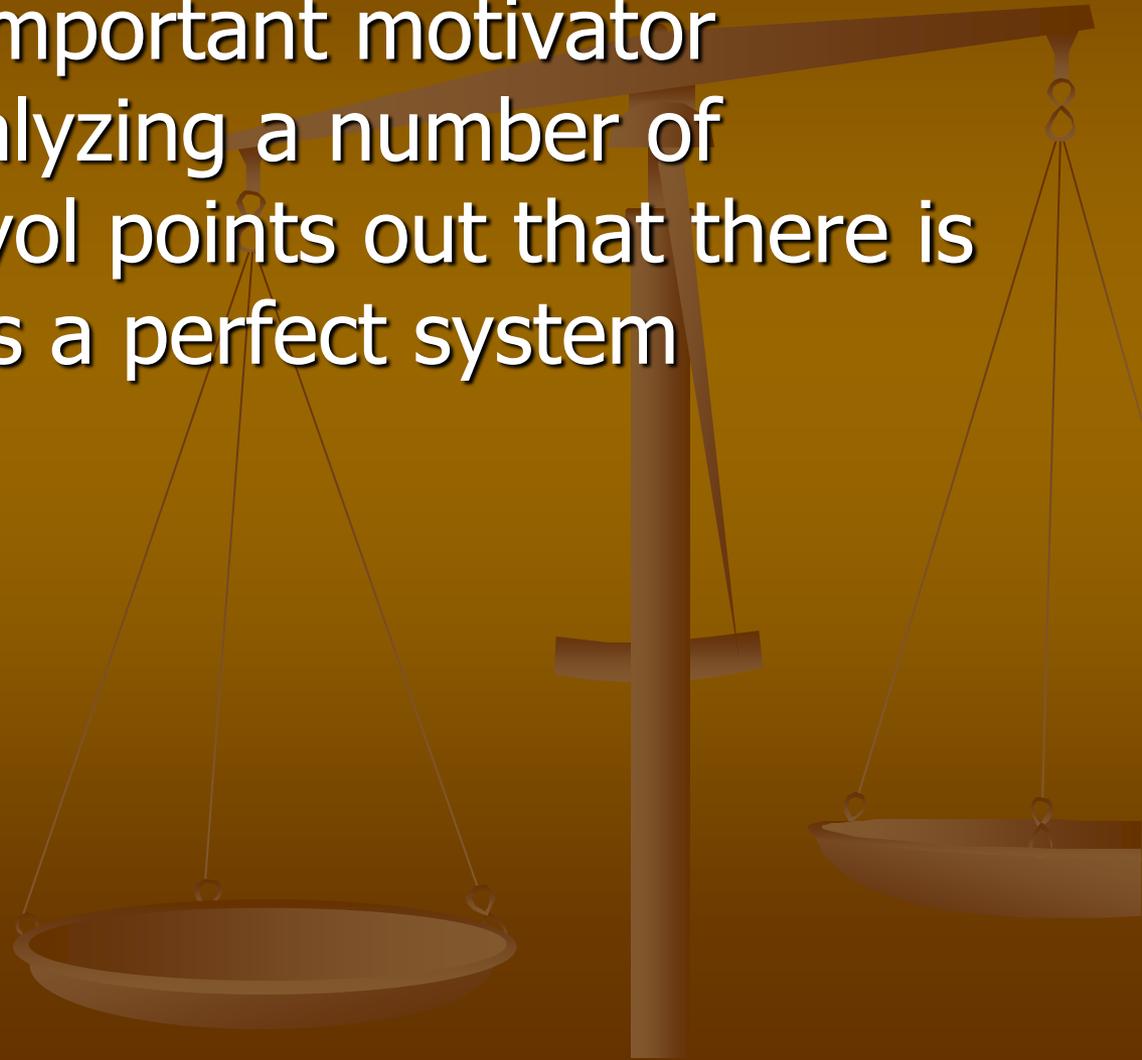
6. Subordination of individual interest

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



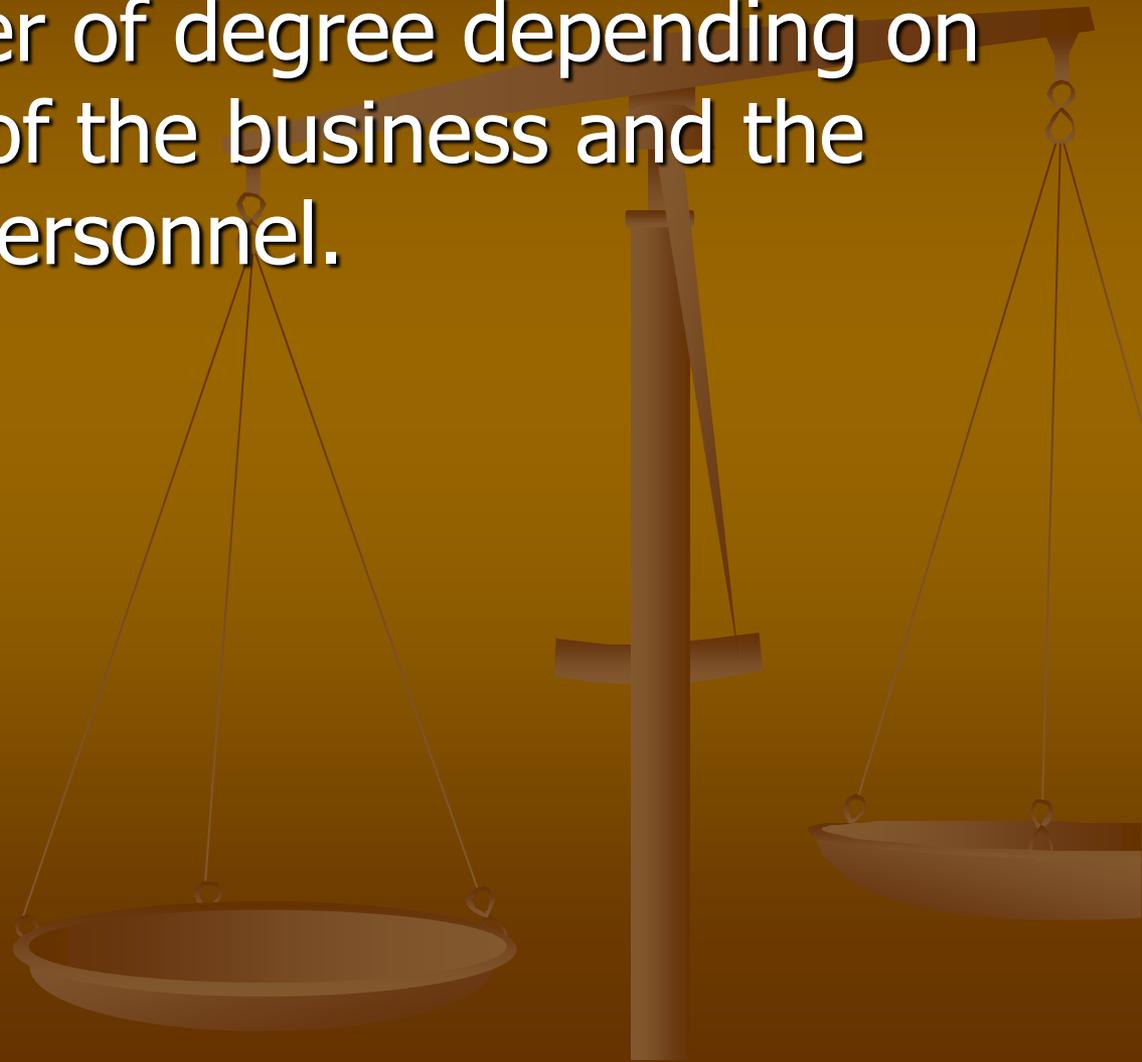
7. Remuneration

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



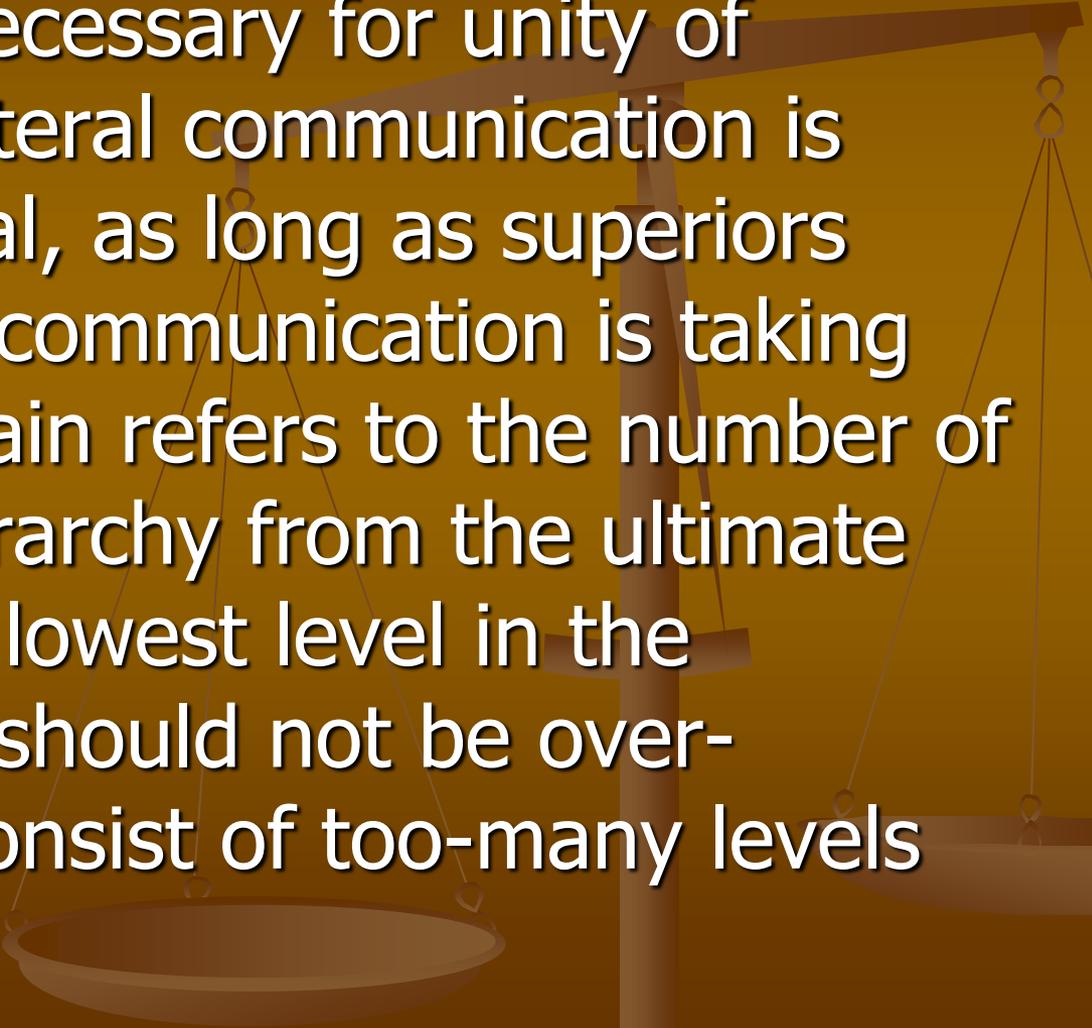
8. Centralization (Or Decentralization)

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



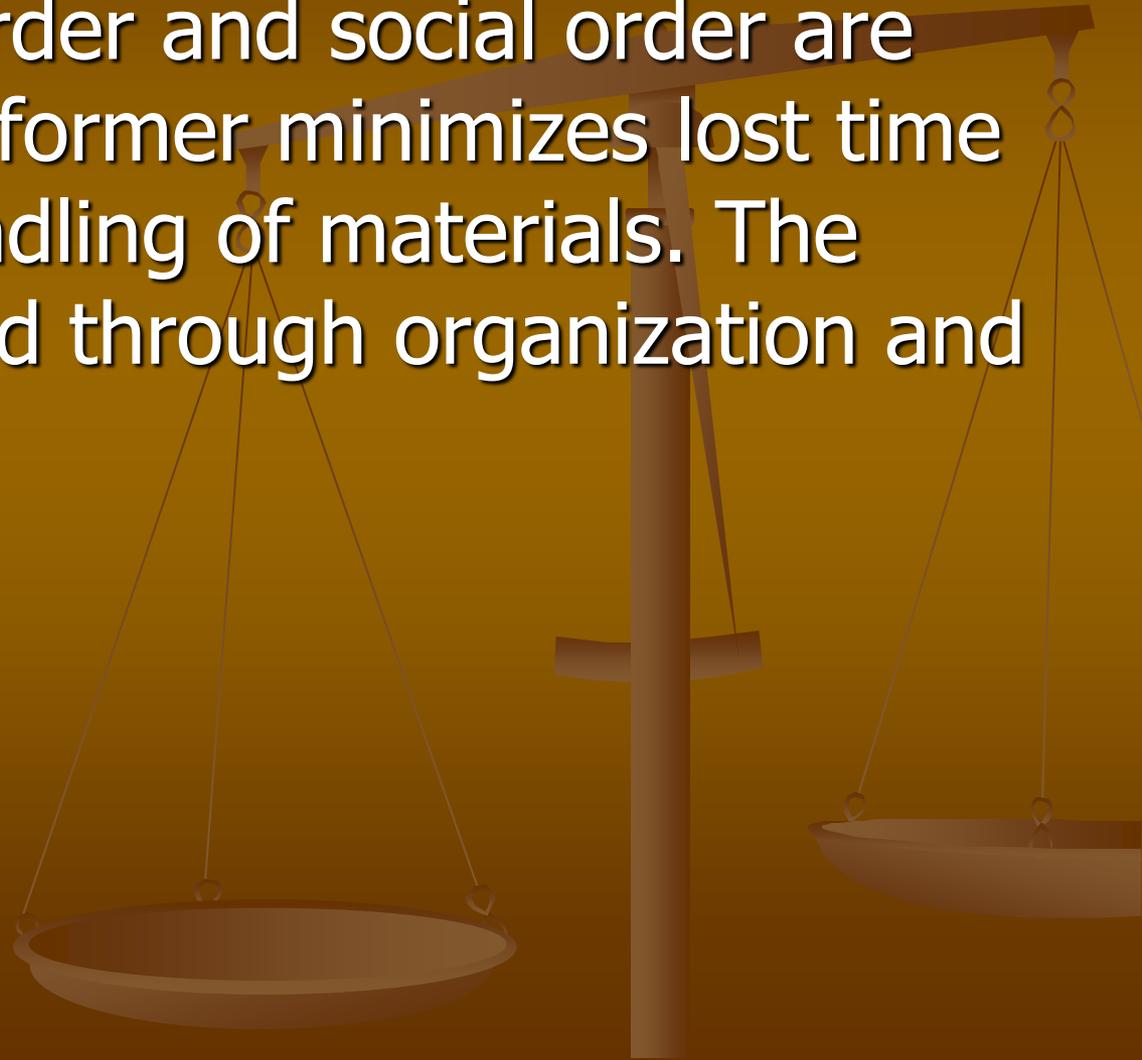
9. Scalar chain (Line of Authority)

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 overstretched and consist of too-many levels



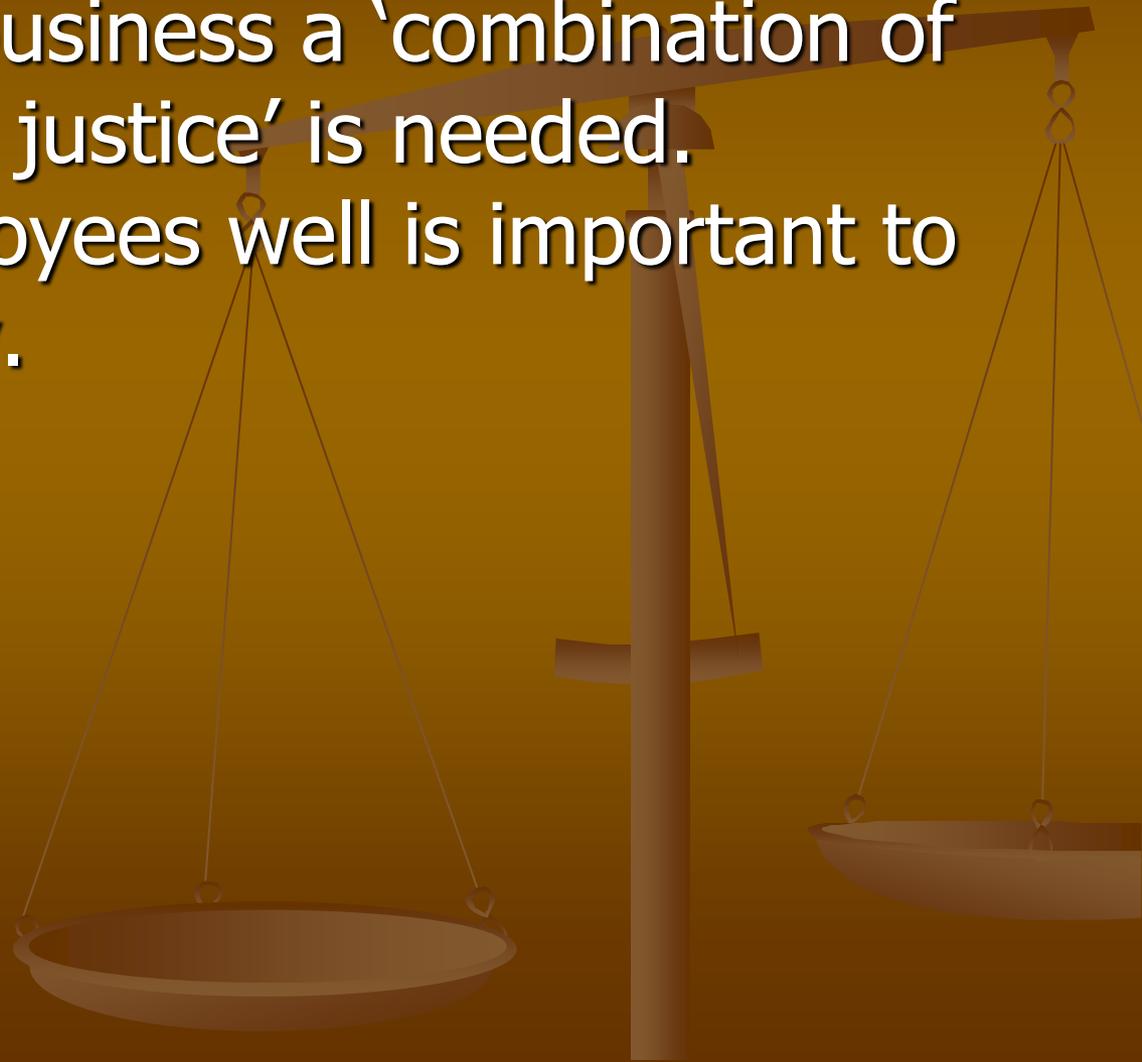
10. Order

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.



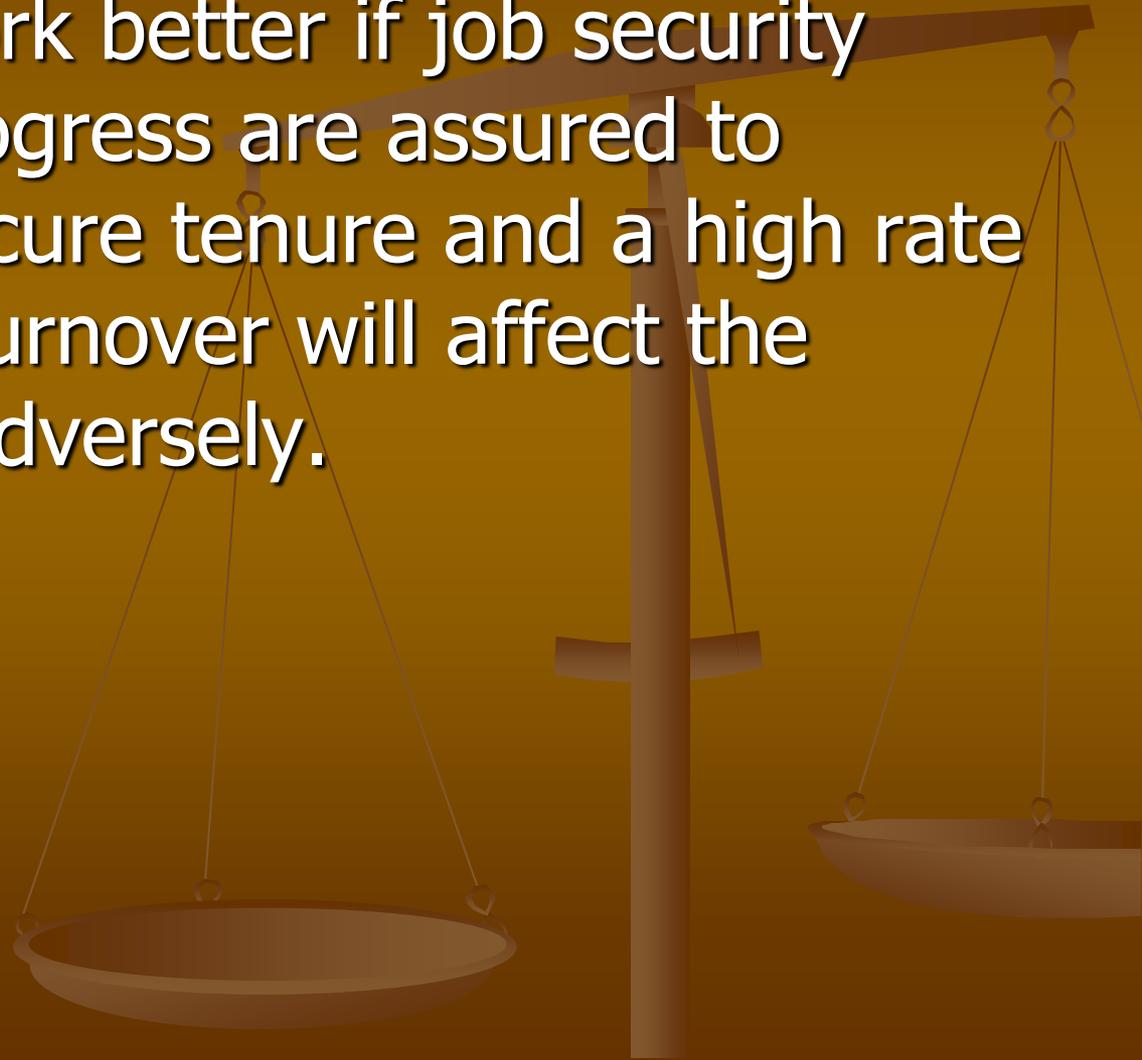
11. Equity

In running a business a 'combination of kindness and justice' is needed. Treating employees well is important to achieve equity.



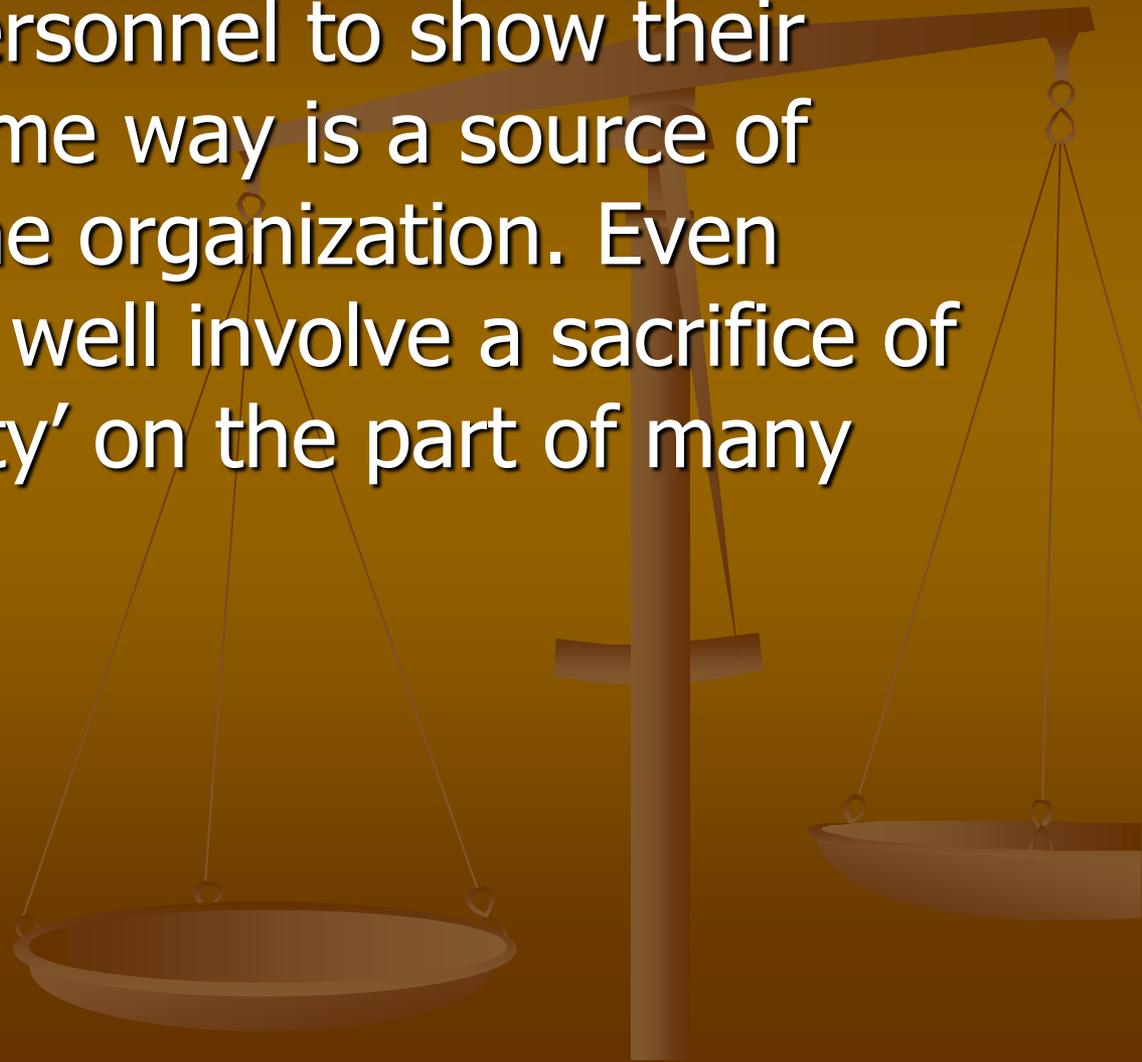
12. Stability of Tenure of Personnel

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.



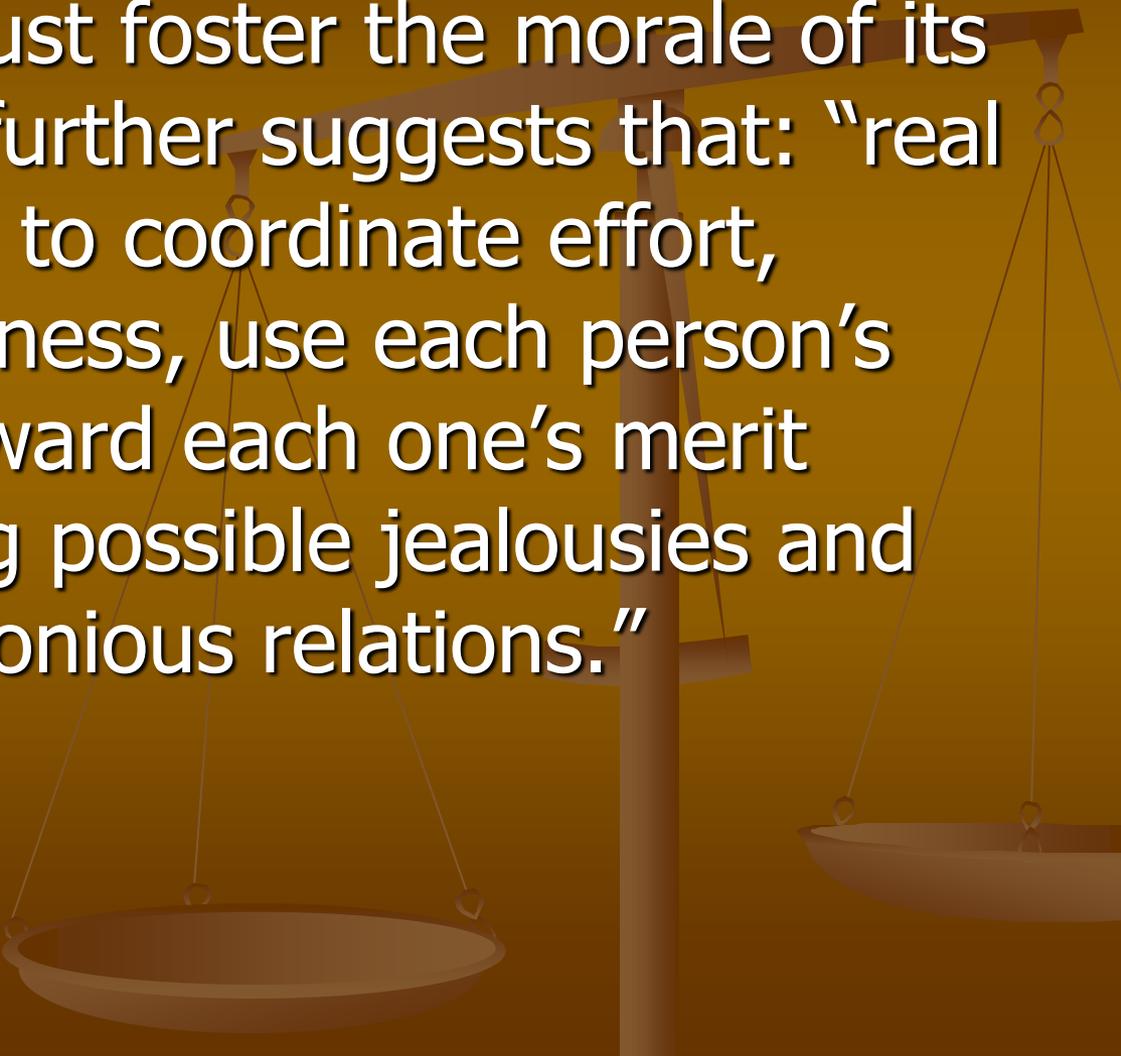
13. Initiative

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."



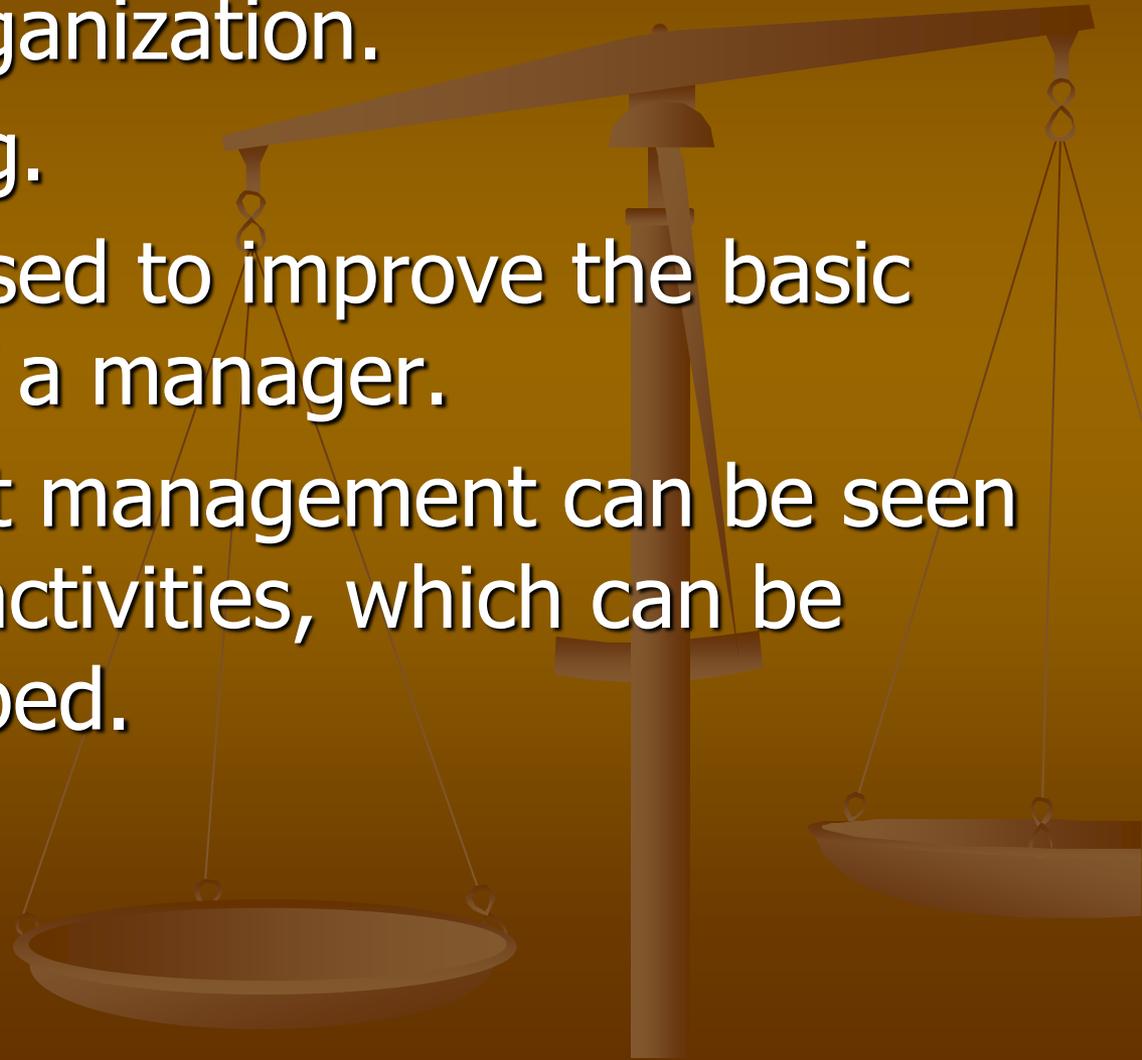
What Is Management? (According To Fayol)

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

- **Prevoyance.** (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.

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.



Peter Drucker's Management By Objectives



8 Key Result Areas Where Managers Must Pursue Clear Objectives - Kotelnikov, 2008

•Marketing

In order for a business to create a customer, there needs to be a market.

•Innovation

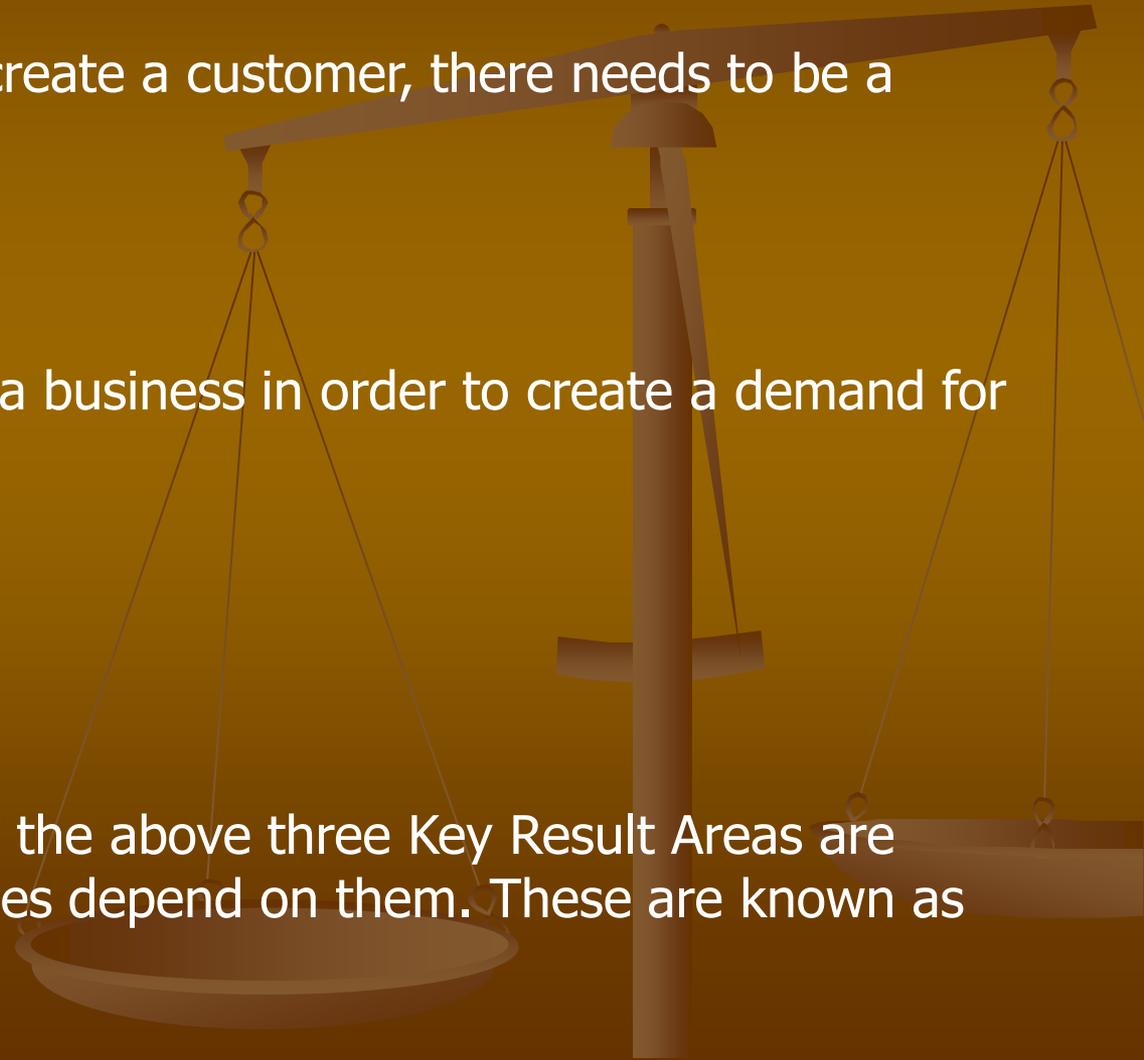
New ideas are required by a business in order to create a demand for a product.

•Human organization

•Financial resources

•Physical resources

According to Drucker, 2007 the above three Key Result Areas are interlinked and all businesses depend on them. These are known as the factors of production.



8 Key Result Areas Where Managers Must Pursue Clear Objectives Continued....

- **Productivity**

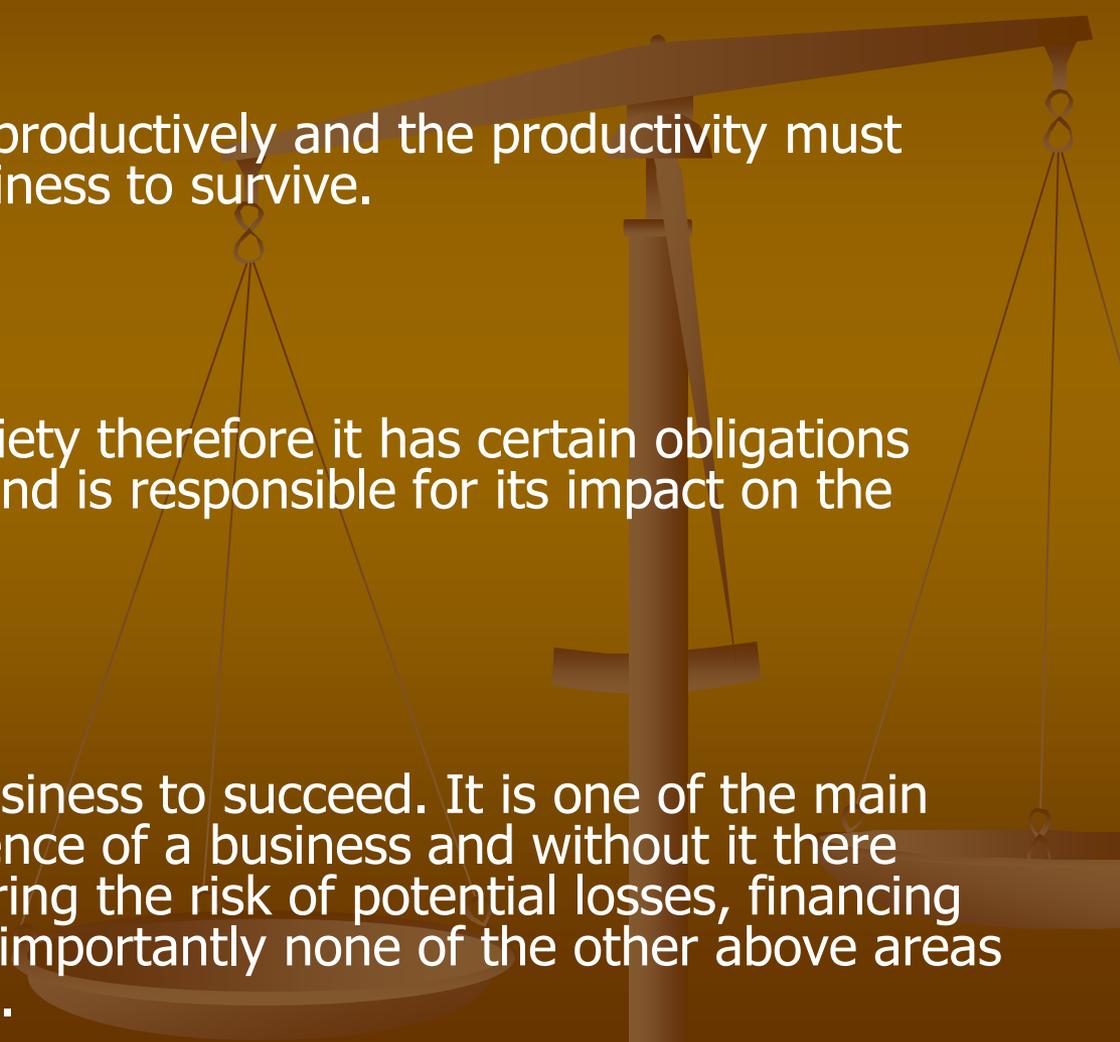
Resources must be used productively and the productivity must grow in order for the business to survive.

- **Social responsibility**

A business exists in a society therefore it has certain obligations towards the community and is responsible for its impact on the environment.

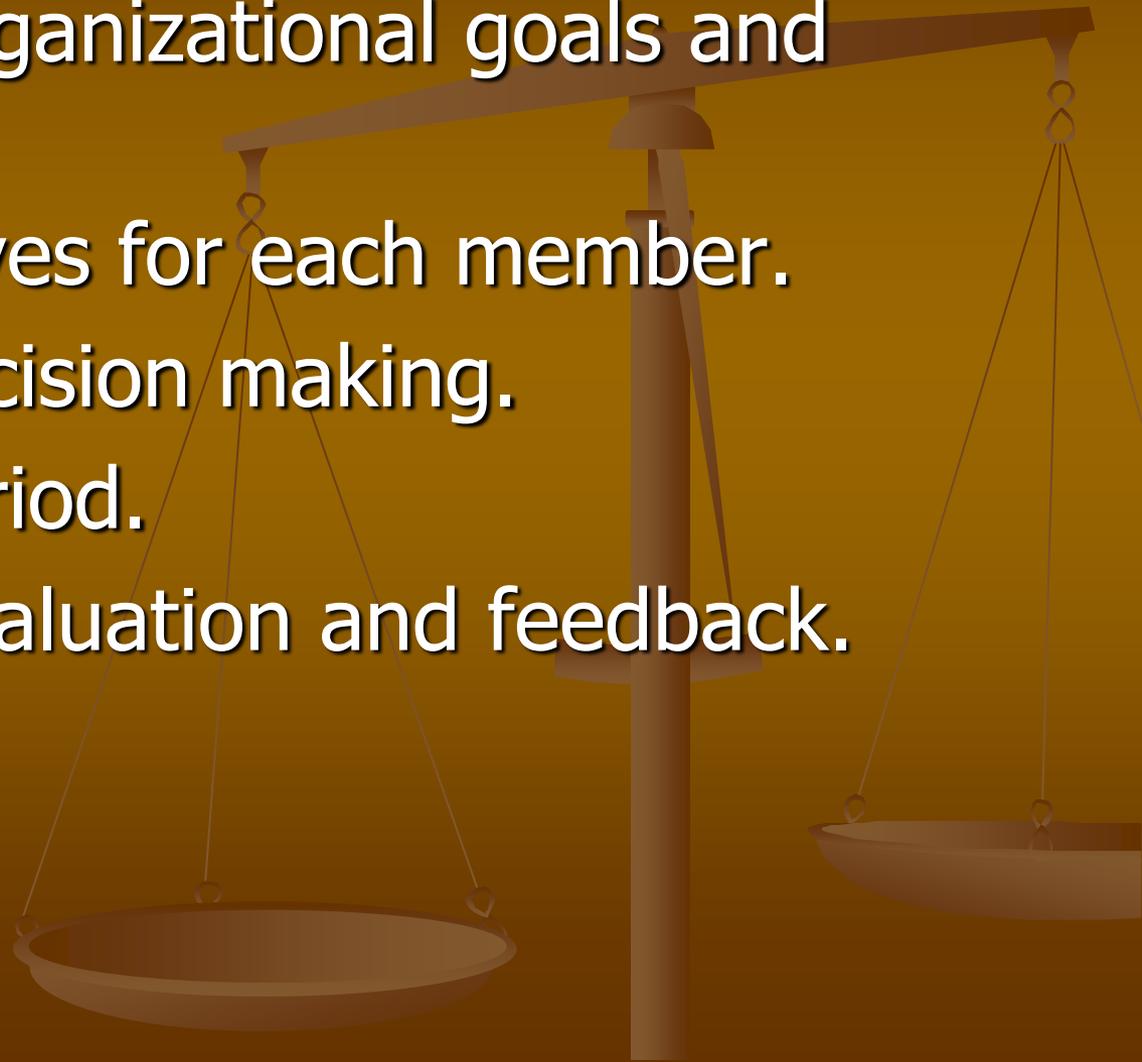
- **Profit requirements**

Profit is essential for a business to succeed. It is one of the main reasons behind the existence of a business and without it there would be no way of covering the risk of potential losses, financing future projects and most importantly none of the other above areas would exist without profit.



Management By Objectives - Principles

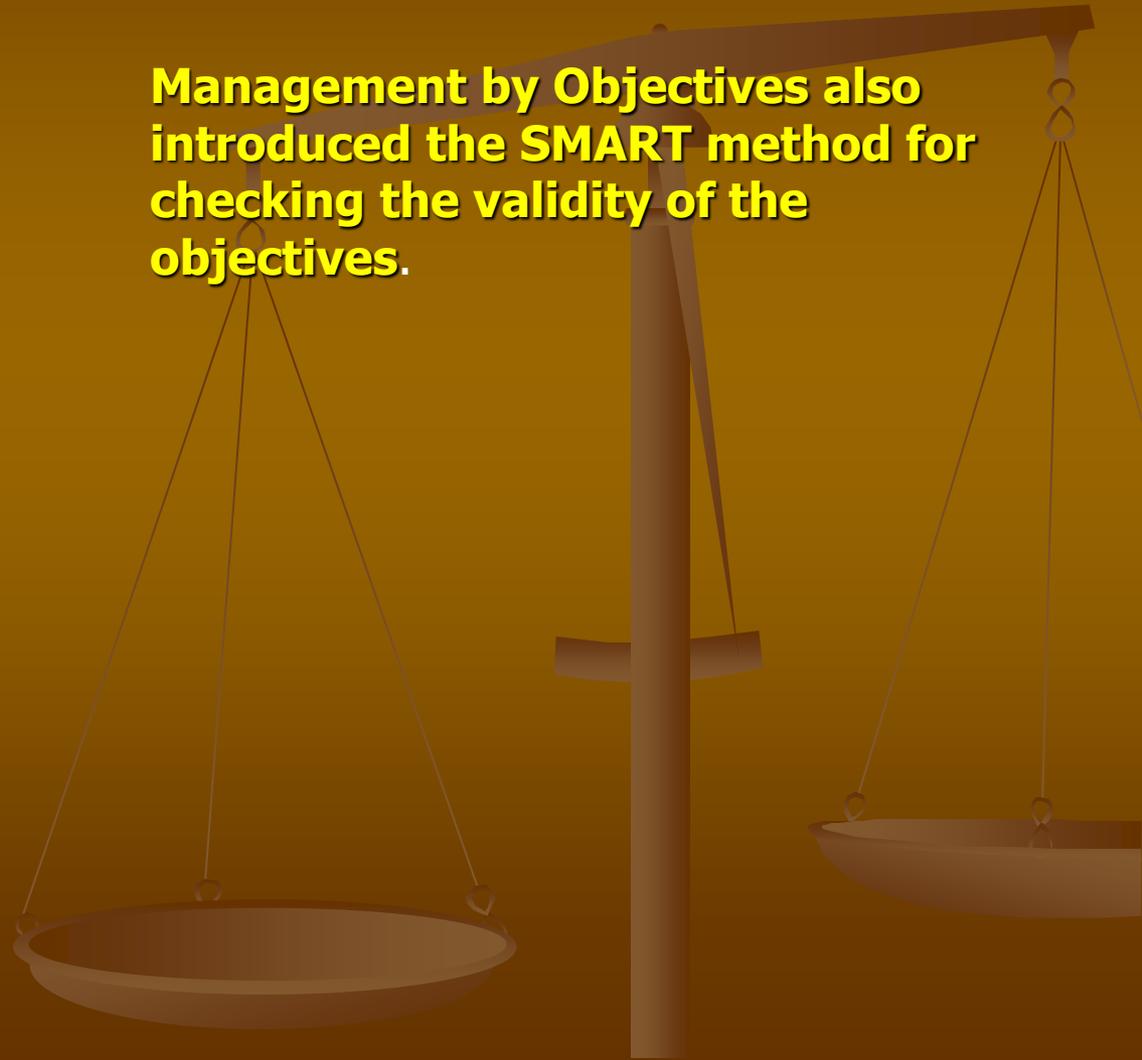
- Cascading of organizational goals and objectives.
- Specific objectives for each member.
- Participative decision making.
- Explicit time period.
- Performance evaluation and feedback.



SMART Method

- Specific
- Measurable
- Achievable
- Realistic
- Time-related

Management by Objectives also introduced the SMART method for checking the validity of the objectives.



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