



Introduction

This is a learning as well as an exam preparation video.

At the end of the video are practice assignments for you to attempt.

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Chapter 2: Principles of Management

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Principle:

A principle is a statement which provides a guide to thought and action. Principle serves as the foundation for a system of belief or behavior or for a chain of reasoning.

Chapter 2: Principles of Management

Principles of Management



Chapter 2: Principles of Management

Principles of Management

1. Principles of management are broad and fundamental truths that establish relation between cause and their effects.
2. These principles serve as guidelines for managerial decision-making and their course of action.

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Principles of Management

3. It is through principles that management predicts the result of their actions.

4. Management principles are not as rigid as principles of science as this deals with human behavior and thus are to be applied creatively as the situation demands.

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Nature of Principles of Management



Chapter 2: Principles of Management

Nature of Principles of Management

1. Universality:

Principles of management have universal validity. These are applicable to all

types of organizations, business as well as non-business, small as well as large enterprises

and at different levels of authority. As these principles are universal, it can be applied in

different managerial situations.

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Nature of Principles of Management

2. Human Behavior:

Management has to deal with human behavior, therefore the principles

aim at influencing human behavior. They are general guidelines to action and can be

applied according to the situation as they are based on complex human behavior which

cannot be controlled.

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Nature of Principles of Management

3. Created by Practice and Experimentation:

Scientists through research, experiments,

knowledge and expertise have developed the principles. The principles are used to solve

different managerial problems with the help of observation, analysis and experience.

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Nature of Principles of Management

4. Dynamic & Flexible:

These principles are not rigid and can be adapted and modified by the

practicing managers depending upon the situation and changes in the business

environment. They are flexible and dynamic in nature.

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Nature of Principles of Management

5. Cause and Effect Relationship:

They establish a relationship between cause and effect so that they can be used in different situations.

6. Contingent:

The principles are relative and not absolute. Depending upon the current situation at a certain point of time, the principles are applied.

Chapter 2: Principles of Management

Significance / Importance of the Principles of Management



Chapter 2: Principles of Management

Significance / Importance of the Principles of Management

1. Providing managers with useful insights into reality: Management principles guide managers to take right decision at right time by improving their knowledge, ability and understanding of various managerial situations and circumstances.

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Significance / Importance of the Principles of Management

2. Optimum use of resources: Management principles facilitate optimum use of resources by coordinating the physical, financial and human resources. They also help in better administration by discouraging personal prejudices and adopting an objective approach.

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Significance / Importance of the Principles of Management

3. Scientific decisions: Decisions based on management principles tend to be more realistic, balanced and free from personal bias.

4. Meeting the changing environmental requirements: Management principles provide an effective and dynamic leadership and help the organization to implement the changes.

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Significance / Importance of the Principles of Management

5. Fulfilling social responsibility: Principles of management not only help in achieving organizational goals but also guide managers in performing social responsibilities. Example :
“Equity” and “Fair” remuneration.

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Significance / Importance of the Principles of Management

6. Management training, education and research:
Management principles are helpful in identifying the areas in which existing and future managers should be trained. They also provide the basis for future research.

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Principles of Management Developed by Henry Fayol:



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Principles of Management Developed by Henry Fayol:

- 1) Principle of division of work
- 2) Principle of authority and responsibility
- 3) Principle of discipline
- 4) Principle of unity of command
- 5) Unity of direction
- 6) Subordination of individual interest to general interest
- 7) Remuneration of employees

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Principles of Management Developed by Henry Fayol:

8) Centralisation and decentralization

9) Scalar chain

10) Order

11) Equity

12) Stability of personal

13) Initiative

14) Esprit de Corps

Chapter 2: Principles of Management

Difference Between Unity of Command and Unity of Direction

Basis For Comparison	Unity Of Command	Unity of Direction
Meaning	As per this principle , an employee should get orders from one superior only and be accountable to him only.	According to this principle, there should be one head and one plan for a group of activities having the same objective.

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Difference Between Unity of Command and Unity of Direction

Basis For Comparison	Unity Of Command	Unity of Direction
Purpose	To prevent overlapping of orders and instructions, duplication of work, confusion and indiscipline.	To prevent repetition of activities.

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Difference Between Unity of Command and Unity of Direction

Basis For Comparison	Unity Of Command	Unity of Direction
Relation	It relates to the functioning of people.	It relates to activities of the organization.

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Difference Between Unity of Command and Unity of Direction

Basis For Comparison	Unity Of Command	Unity of Direction
Outcome	Unity of Command results in effective and efficient functioning of both superior as well as subordinates.	Unity of direction leads to unity of action and coordination of efforts .

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Difference Between Unity of Command and Unity of Direction

Basis For Comparison	Unity Of Command	Unity of Direction
Relationship	Unity of command deals with the relationship of superior and subordinate.	Unity of direction deals with the relationship of activities in support of organizational plans and objectives.

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Difference Between Unity of Command and Unity of Direction

Basis For Comparison	Unity Of Command	Unity of Direction
Importance	Unity of command helps to fix the responsibility of each person in the organization.	Unity of direction results in efficient functioning of group activities to achieve organizational goals.

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Difference Between principle of Fayol versus Taylor:

Basis	Hery Fayol	F.W Taylor
Basis of formation	Personal Experience	Observations and experimentation
Focus	Improve overall efficiency of the management.	Increase the productivity of people working in the enterprise.

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Difference Between principle of Fayol versus Taylor:

Basis	Hery Fayol	F.W Taylor
Applicability	Universal applicability	Applicable only to specialized situations.
Perspective	Top level of management	Operative level of Management

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Difference Between principle of Fayol versus Taylor:

Basis	Hery Fayol	F.W Taylor
Personality	Practitioner and researcher.	Scientist (known as 'father of scientific management')
Techniques	General theory on management	Scientific Management

Chapter 2: Principles of Management

Mental Revolution

It involves a complete change in mental outlook and attitude of workers and management towards one another from competition to cooperation. The management should create pleasant working conditions & workers should work with devotion and loyalty. Instead of fighting over distribution of profits, they must focus attention on increasing it.

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