

CLASS 12TH COMMERCE BUSINESS STUDIES

CHEPTER - 2 PRINCIPLES OF MANAGEMENT

MEANING AND DEFINITION OF MANAGEMENT PRINCIPLES

A principle may be regarded as a statement which reflects the fundamental truth about some phenomenon. Those guide lines, rules and concepts which are used for analytical study of management problems of an enterprise are called principles of management. In other words, the basic rules which are used to perform management function such a planning organizing, staffing, directing, controlling etc. are known as management principles. These principles are of universal applicability and can be applied to any organization of any country, at any time.

P.K.Ghosh – “ *Management principles are statements of fundamental truth which provide guidelines for managerial decision making and action.*”

Hicks and Gullet – “ Principles of management are the guides for management action”

CHARACTERISTICS OF PRINCIPLES OF MANAGEMENT

Management principles are basically concerned with human and social activities. It is the management which plans, organizes, directs, coordinates and controls the human activities. The main points of nature of management principles are as under:



1. UNIVERSAL APPLICATION :

The principles of management are universal in nature that means they can be applied to all types of organisations irrespective of their size and nature. Their results may vary and application may be modified but these are suitable for all kinds of organisations.

For example, the principle of division of labour can be applied to all the organisations and results in specialization although the degree of specialization may vary depending upon the nature and size of the organisation.

2. GENERAL GUIDELINES :

Management principles are not static or absolute statements. These cannot be applied blindly in all the situations. The applicability of management principles depends on conditions and nature of organisation.

The manager must apply these principles according to the size and nature of organisation keeping in mind the requirements of the organisations.

A management principle gives guidelines to solve the problems these principles do not provide readymade solution for all the problems.

For example, the principle of fair remuneration insists on fair or adequate salary to employee but what amount of salary is fair depends upon the nature, size and financial capacity of the company.

Fair may mean Rs 50,000 p.m. to a multinational company and it may mean Rs 5000 p.m. to a small company. So principles do not specify the absolute amount to be paid but there is relativity depending upon paying capacity of the different companies.

3. EVOLUTIONARY BY PRACTICE AND EXPERIMENTS :

The management principles are developed only after deep and thorough research work. They are not developed overnight or they are not the personal feelings of any person. Proper observations and experiments are conducted before developing them. These are the expressions of deep experiences of the leaders of management thoughts. Therefore they are evolutionary in nature.

4. FLEXIBILITY:

Management principles can be applied differently under different conditions. Some changes can be made in application of principles according to the requirement of the company. These are not set of rigid statements. These can be modified by the managers who are using them.

For example, the principle of centralisation insists on concentration of power and authority at top level but the extent and degree of centralisation may vary according to nature of organisation and centralisation does not mean total centralisation, there can be use of decentralisation at lower level if organisation demands it.

5. BEHAVIOURAL IN NATURE :

Management principles are formed to guide and influence the behaviour of employees. These principles insist on improving relationship between superior, subordinates and all the members of organisation. They also establish relations between human and material resources.

For example, principle of Discipline improves commitment of employees towards the organisation and principle of Esprit de Corps mould the behaviour of employees towards team spirit.

6. BASED ON CAUSE AND EFFECT RELATIONSHIP :

Management Principles are based on cause and effect that means these principles tell us if a particular principle is applied in a situation, what might be the effect. Although these principles cannot state perfectly absolute result because these are applied on human being but it helps in knowing some idea about the effect. When principles are applied in similar situation in different organisations then their effects can be known with more perfection.

7. CONTINGENT :

Management Principles are contingent or dependent upon the situations prevailing in organisation. Their application and effect depend upon the nature of organisation. The application of principle has to be changed according to the nature, size and type of organisation.

For example principle of team spirit is very important for an organisation where work is carried out by a group of people whereas it is of no use in the companies where work is performed by individual and not by a group.

SIGNIFICANCE OF PRINCIPLES OF MANAGEMENT

As we know, principles of management are guiding rules for the performance of management functions. These principles help in understanding the problems of any business and finding solutions for them.

The following points support the need and importance of management principles :-



1. INCREASE IN EFFICIENCY :

Efficiency is the crux of management . Development of management principles and practices has significant effect on improvement in managerial efficiency. Principles of management always serve as guidelines for managers to solve problems of diverse nature, so that he will not be required to undertake time consuming research to find solutions or to adopt trial and error techniques.

2. BETTER UNDERSTANDING :

The principles, develop a clear understanding of managing an organization effectively. It does away with trial and error which is a part of learning by experience. The principles enable managers to adopt such a course that can fulfill the need of business as well as the required accomplishment of predetermined goals.

3. FIXING RESPONSIBILITY :

The principles help in fixing responsibility of every person engaged in business. The duties, authority and responsibility of every employee are predetermined. Everyone know what he is required to do and to whom he is responsible and accountable.

4. DIRECTION TO MANAGERS :

Principles of management direct the manager of the business to follow the management process in a better way. These are helpful in identifying the areas of management in which future managers should achieve proper understanding.

5. EFFECTIVE HUMAN RELATIONS :

The principles view the important and focal point of managerial action to be the behavior of the human being. What is achieved, how it is achieved and why it is achieved are viewed in relation to their impact and influence on people, who are the real important component of management.

6. USEFUL RESEARCH :

The different principles of management indicate the lines along which research should be undertaken to make management more effective. They guide managers in decision making.

7. AID TO UNDERSTANDING THE NATURE OF MANAGEMENT:

Management principles enable the manager to understand clearly the nature and scope of his job. They provide the framework within which managers have to work towards accomplishment of organizational objectives as also fulfillment of individual aims and needs of the people working in the organizations.

8. ACHIEVEMENT OF SOCIAL OBJECTIVES :

The essence of management lies in co-ordination, i.e. orderly arrangement of group efforts to provide unity of action in the pursuit of common social objectives. Development of management principles helps in promotion of efficiency in utilising the national resources to improve the standard of living of the masses.

QUESTIONS:

1. What do you mean by management theories or Principles? Discuss the characteristics of management principles.
2. Discuss the significance of principle of management.
3. Give two definitions of principle of management.
4. What is the scope of application of principles of management?