



ST. LAWRENCE HIGH SCHOOL

A JESUIT CHRISTIAN MINORITY INSTITUTION



Study Material No. 7

Sub: Business Studies

Class XII

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Topic: Principles of Management

Chapter – 2

Q1 Explain the following principles:

- **Discipline**
- **Harmony, not discord**

Ans. (a) Discipline Discipline is obedience, application, and outward mark of respect. It means obedience to the rules of the organisation on the part of both superiors and subordinates. Discipline is necessary for the smooth running of the organisation. According to Fayol, 'Discipline requires good superiors at all levels, clear and fair agreement and judicious application of penalties'. Discipline does not mean only rules and regulations but it also means development of commitment on the part of employees towards organisation as well as towards each other.

For example, in XYZ Ltd management and labour union have entered into an agreement whereby workers have agreed to revive the business out of loss. In return, management would raise the wages of workers. Here 'discipline' means the workers and management both will honour their commitments.

(b) **Harmony, not discord** Scientific management aims at removing differences between the management and the workers. This requires change of mental attitudes of the workers and the management towards each other. They do not quarrel about the distribution of profits. Harmony between management and workers would contribute to the overall gains of the organisation.

Q2 Explain the following principles of management:

- **Scalar chain**
- **Science, not rule of thumb.**

Ans. (i) Scalar chain It is the chain of superiors ranking from the top to the lowest ranks. The principle of scalar chain suggests that there should be a clear line of authority from top to bottom linking managers at all levels. The scalar chain serves as the chain of command and also as the chain of communication. Under the chain of command, orders and instructions, issued at higher levels, flow through intermediate managers before reaching the lower levels. The chain should not be violated in normal course of formal communication.

However, in emergency, communication can take place between two people working at the same level but in different departments, through gang plank.

For example, if in XYZ Ltd, E wants to communicate with R. He will have to follow the path in chain like first he delivers information to D, then D to C, B, A, M, N, O and at last E transfers the message to R. But in case of emergency, E can directly contact with R according to the concept of gang plank.

(ii) **Science, not rule of thumb** According to this principle, decisions should be based on facts rather than rule of thumb. Rule of thumb is based on intuition, experience, personal opinion and/or prejudice. This principle requires development and application of scientific method. Taylor advocated that the

traditional rule of thumb method should be replaced by scientific methods. Scientific methods should be used for the following purposes:

- Determine standard time required to do a job.
- Determine a fair day's work for the workers.
- Determine the best way of doing the work.
- Select standard tools and equipments, etc.

Q3 Explain any two of the following Fayol's principles of management with examples

(i) Unity of direction

(ii) Equity

(iii) Esprit de corps

(iv) Initiative

Ans. (i) Unity of direction 'One unit and one plan' for the group of activities having the same objective. This principle implies that there should be one head and one plan for a group of activities having the same objective. It means that the efforts of members of the organisation should be directed towards the achievement of a common goal.

For example, the mission of a company is to provide quality products at an affordable prices to the customers. This should serve as a direction for all the departments, namely, purchasing, financing, quality control and marketing.

(ii) Equity The principle of equity implies a sense of fairness and justice to all workers working in an organisation. Observance of equity alone would make workers loyal and devoted to the organisation. Equity does not mean equal salary to a peon and supervisor. But equity means application of same disciplinary rules, leave rules, etc irrespective of their grade, position and gender, language, religion or nationality, etc.

For example, the rules for granting medical leave to an employee should be same irrespective of their position grade or gender.

(iii) Esprit de corps This principle states that union is strength. It refers to team spirit, i.e. harmony in the work group and mutual understanding among the workers. A group of workers holding hands and standing in union, leads to the achievement of goals efficiently. Unity among the personnel can be accomplished through proper communication and coordination, e.g. in a cricket team, we need allrounder players, they are good in batting, bowling, fielding, etc as the competition is tough and inooler for a team to perform such kinds of players are required.

(iv) Initiative It means freedom to think out and execute a plan. The principle of initiative implies that the managers of an undertaking should encourage its subordinates to take some initiative in thinking out and executing plans. By encouraging initiative, the management can motivate employees to work better and harder, e.g. a manager of XYZ Ltd is being encouraged by his superior to take decisions openly and.execute the plans accordingly for the betterment of the organisation.

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