

# PRINCIPLES OF MANAGEMENT AS GUIDELINES FOR MANAGERS

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## ABSTRACT

The scientific approach to management required that the management theorists dedicate significant attention to the management principles. Many of the classical management theorists are known for their principles. The paper points out the significant fact that even though many of the principles of management were set many, many decades ago, they are still valid nowadays, in this changing world.

Since the formal study of management began, numerous concepts have emerged as management principles. Even though nowadays many other, different, contemporary principles of management have been set, they do not lessen the importance of the “classical” principles. The paper focuses on Henri Fayol’s 14 principles of management and their applicability nowadays.

The principles of management are considered to be important feature of the management thought. Their proper use can very likely improve the organizational performance. They provide appropriate set of guidelines that managers can use to create a work setting that can effectively and efficiently use the organizational resources.

## KEYWORDS

PRINCIPLES, MANAGEMENT, ORGANIZATION, ORGANIZATIONAL PERFORMANCE

## JEL CLASSIFICATION CODE

M10

## 1. INTRODUCTION

The scientific approach to management required that the management theorists dedicate attention to the management principles. The principles are important, since they are the beginning of the management thought.

The interest of the scholars for the principles of management is considerable even nowadays. Since the formal study of the management began, numerous concepts have emerged as management principles. However, even though, many other, contemporary principles of management have been set, they do not lessen the importance of the “classical” principles.

As Bacud (2020) notes a range of management principles are still being followed nowadays, largely based on the management concepts voiced by Henri Fayol.

This paper focuses on and mentions specifically only Henri Fayol’s 14 principles of management.

As Nikolic (2001) points out the principles are basic knowledge that aids for better understanding of a certain scientific field. Management as a science has its own principles that can help the organization in increasing its efficiency. The demand for the management principles was established as a result of the endeavor to help the staff in organizations that are responsible for the management functions. For efficient execution of the management functions, there are certain rules and principles that the managers have to know.

Every person holding a managerial position should be familiar with the principles of management, but they also should know which ones they can optimally apply.

As Hicks and Gullett (1981) suggest the management principles should be viewed as being valid for most organizations under most circumstances. It is not necessary (since they are not laws) that they are valid for every possible situation every time. As it has been proven that the principles of management are valid most of the time, they are of important value for managerial use. Nevertheless, it is the manager's job to use sound logic and judgment in determining when and if to apply a certain principle.

## **2. GENERAL NOTIONS ON THE PRINCIPLES OF MANAGEMENT**

As Wren and Voich (1994) note, like doctors need to know anatomy, and engineers need to know mathematics, the common notion is that there are some basic things that future managers need to know.

A management principle is a statement of a general truth about organizations or management. They may be thought of as being fundamental truths of organizations or management. Moreover, they prescribe a particular course of action. (Hicks and Gullett, 1981)

As Poperwi (2018) notes the principles of management are the ideas that form the basis of management. Moreover, they have a number of unique features, for instance: they are flexible, they have universal application, they are not absolute (they need to be applied in relation to the needs of the organization), and they need to be based on situation. (Bose, 2013)

Furthermore, according to Robbins and Coulter (2005) the principles are fundamental rules of management that can be taught at Universities and which can be applied in all organizational situations. Additionally, Koontz and Weihrich (1988) note that the principles of management are basic truth (or what is considered to be true at a given moment) and they can be descriptive or predictive, but they are not prescriptive. This notion implies that the principles can tell what can happen, however they do not "tell" managers what they should do. For instance, one of the Fayol's principles is the unity of command, which implies that the more an employee reports to a single superior, it is more likely that they will feel loyalty and commitment and it is less likely that there will be confusion with the instructions they are given. So, this principle predicts and it does not say that an employee should not report to more than one person. Essentially, this principle states that if individuals were doing this, their superiors need to be aware of the potential problems and take them into consideration. Koontz and Weihrich (1988)

Additionally, Rue and Byars (1992) point out to the difference between the principles of management and the principles in the physical sciences and also the major problems in developing the management principles. As they note, the laws in the physical sciences are developed through a research process involving controlled experimentation (experiment in which control can be maintained on many of the input variables). After the experiment is repeated many times with identical results, the hypothesis is converted into law or principle. However, this is not the case with the principles of management, since it is very difficult to conduct a controlled experiment in a management environment, because of the costs and the inability to have absolute control on one of the primary inputs – the people. According to them, the remaining logical alternative is using observation and deduction, which is how many of the principles have been developed.

Similar view on the principles is presented by Nikolic (2001), who states that the principles are immanent in all sciences, however they are more rigorous in the exact sciences, as compared to the sciences that study the human factor, as is the case with management. Likewise, Wren and Voich (1994) state that a principle is a basic element of knowledge in that it helps in predicting what will happen if that principle is

applied. Furthermore, they go on to explain that the principles in management are much less rigorous than the principles in the exact sciences since the physical phenomena behave less unpredictable than the humans. Furthermore, this view is also supported by Hicks and Gullett (1981), who assert that the principles used in the field of management are not to be compared to the principles used in the physical sciences.

An interesting notion was expressed by G.R. Terry cited in Poperwi (2018) that “the principles of management are to a manager as a “table of strength” of materials is to a civil engineer.”

### 3. FAYOL’S 14 PRINCIPLES OF MANAGEMENT

Henri Fayol, known by many as “the father of modern management theory’ was a French mining executive.

Fayol became posthumously famous and gained recognition for his work, after his book *Administration Industrielle et Generale* (translated to English as *General and Industrial Management*) was published. Fayol was the first author to look at the organization from the “top down”, to identify management as a process, to break that process down into logical subdivisions and to lay out a series of principles to make best use of people. Furthermore, his principles of management do not differ greatly from the characteristics of formal organizations as set out by Max Weber. (Chartered Management Institute, 2002)

The author of this paper encountered a challenge in determining Fayol’s 14 principles. Namely, the principles (taking into consideration their importance for the management) are mentioned in almost all management textbooks. However, if one looks at different textbooks and translations it is noticeable that there are differences in the principles.

For this paper, 18 textbooks where the principles are mentioned were investigated. Some principles are in all 18 textbooks the same (like discipline, unity of command and esprit de corps), however, for some there are differences (like authority, scalar chain, stability of personnel). Furthermore, in some cases authors that refer to the same source, have differences in some principles.

In the following text, only one classification of the principles (adapted from Henri Fayol (*General and Industrial Management*, Constance Storrs (trans.) in (Bartol and Martin) 1998) will be noted, which the author finds most appropriate: 1. Division of work (work specialization can result in efficiencies and is applicable to both managerial and technical functions). 2. Authority (which is the right to give orders. It derives from the formal authority of the office and also from personal authority. With authority comes responsibility). 3. Discipline (that is absolutely necessary for the smooth running of an organization). 4. Unity of command (which means that an employee should receive orders from one superior only). 5. Unity of direction (activities aimed at the same objective should be organized so that there is one plan and one person in charge). 6. Subordination of individual interest to general interest (the interests of one employee or group should not prevail over the interest and goals of the organization). 7. Remuneration (compensation should be fair to both, the employee and the employer). 8. Centralization (the proper amount of centralization/decentralization depends on the situation. The objective is the optimum use of the personnel’s capabilities). 9. Scalar chain (a scalar chain of authority extends from top to bottom of an organization and defines the communication path) 10. Order (the right person should be in the right place). 11. Equity (employees should be treated with kindness and justice). 12. Stability of personnel tenure (high turnover should be prevented, because time is required to become effective in new job). 13. Initiative (managers should encourage subordinate initiative to the fullest). 14. Esprit de corps (which translates to group spirit. Since union is strength, harmony and teamwork are essential).

Even though Henri Fayol’s principles are aimed mostly towards the management, not all of them are. Namely, some of them, like esprit de corps are aimed at maintaining good interpersonal relations, and some of them like division of work are emphasizing what can contribute to the organization’s efficiency. However, all of them are essential for an organization performance.

The 14 principles of management laid out by Fayol are most commonly used and adapted in organizations, even though they vary according to how they are applied and accepted depending on the objectives and the willingness of the managers to adopt them. (Bacud, 2020)

Wreen and Voich (1994) note Fayol's remarks on the principles. Namely, according to Fayol, there is nothing absolute in management. Hence, the principles are flexible and should be used accordingly to the situation. The only thing that is important is, knowing how to apply them, which is an art that requires intelligence, experience and capability in coming up with the right decision. Every rule or managerial procedure that is improving an organization's performance can be considered a principle and remain being a principle as long as the practice verifies it.

#### **4. CONTEMPORARY APPLICABILITY OF THE PRINCIPLES OF MANAGEMENT**

Many scholars agree that the principles of scientific management (including Fayol's principles) are not only applicable still nowadays, but they also can be very beneficial for the organizations.

However, the management principles should be viewed as guides to action and not laws that must be followed without exception. For this reason, they ought to be followed except in situations when a divergence is justified on the basis of sound logic. (Rue and Byars, 1992)

As Nikolic (2001) notes Fayol states that his principles of management are flexible and applicable in all organizations. This is true even nowadays, even though the environments and circumstances that today's organizations operate in or are affected by, could not be more different than from the times when Fayol set forth the principles.

As Hicks and Gullett (1981) point out inherent in a principle of management is the repercussion that if the principle is followed, improved organizational performance will likely happen as a result. In the same way, if the principle is not followed, the performance of the organization will likely suffer.

Similar view is presented by Jones et al (2000) who state that the principles that both Fayol and Weber have set forth still (decades later) offer appropriate set of guidelines that managers can use to establish a work setting that can effectively and efficiently utilize the organizational resources. These principles even nowadays remain to be the foundation of the modern management theory. For instance, the principles of equity and for establishing appropriate links between performance and reward are essential topics in the contemporary theories of motivation and leadership.

The applicability of the principles of the scientific management (including Fayol's principles) nowadays, in these contemporary times, is also discussed by Robbins and Coulter (2005) who state that the functional approach to the managerial work can be attributed to Fayol's work and also his 14 principles serve as a framework for recommendations out of which many contemporary concepts of management were developed. They support their view by noting that for instance when managers analyze the job tasks, when they use time motion method to eliminate unnecessary motions, when they forecast stimulus reward – they are practically applying the principles of scientific management.

Furthermore, according to Hicks and Gullett (1981) the proper use of the management principles can probably improve the organizational performance. More specifically, if a manager can properly employ the available principles, than they would have a relatively high likelihood of realizing improved organizational performance. In the same way, a manager can fail to utilize the accumulated knowledge regarding organizations and management and in this situation, they are at a disadvantage when they are compared to a manager that applies the management principles.

As Godwin et al (2018) note "it is believed that every organization today one way or the other implement the Fayol's principles of management".

According to Koontz and O'Donnell (1968) cited in Poperwi (2018) the principles of management are useful and important because: they can increase managerial efficiency (as they provide guidelines as to how the managers should function in different situations), they can be used for training managers, for coordinating material and human resources, ...among other things.

A study conducted by Bacud (2020) on Fayol's principles has come up with some insights into how the principles are applied. Most managers, according to this study, believed that imposing and maintaining discipline among the employees is one of the best management principles they practice. Moreover, some managers claimed to have given much attention to adherence to division of work as well as unity. Also, they responded that they agree with the saying "United we stand, divided we fall" as the best management principle being practiced and which they find most useful. Furthermore, according to the study, also, the best management principle most useful and still being adopted this present time includes the practice of fair play and equal treatment of employees. The respondents had also replied that they practice the principle of "unity of command" which demands that subordinates should not be reporting to more than one manager, to avoid confusion and chaos. Related to the principle of remuneration, according to them, people are believed to be more motivated to work when they are compensated sufficiently.

"In general, adoption of one or more of the 14 principles of management of Fayol has been claimed by the respondents of this study to lead to a more effective leadership. The application of the principles allowed them to exercise better governance which resulted to the success of the organization as a whole".

This study is important in that it proves the importance as well as the applicability of Fayol's principles in organizations nowadays.

## 5. CONCLUSION

Every manager should be familiar with the principles of management, but they also should know which ones they can optimally apply, since their adoption depends on many different variables. Even though many of the principles of management (including Fayol's principles) were set many decades ago, they are still valid nowadays, in this changing world.

The management principles, as the paper points out, should be viewed as guides to action and not laws that must be followed without exception.

The paper focuses on Henri Fayol's 14 principles of management and their applicability nowadays. Many scholars agree that the principles of scientific management (including Fayol's principles) are not only applicable still nowadays, but they also can be very beneficial for the organizations. They are flexible and applicable in all organizations. This is true even nowadays, even though the environments and circumstances that today's organizations operate in or are affected by, could not be more different than from the times when Fayol set forth the principles.

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