

Principles of Management: Their Relevance and Applicability in the Management of Current and Future Organisations

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Abstract: The article reviewed Henri Fayol's 14 principles of management namely division of work, authority and responsibility, discipline, unity of command, unity of direction, subordination of individual interest to general interest, remuneration of personnel, centralisation, scalar chain, order, equity, stability of tenure of personnel, initiative and esprit de corps. The article presented the importance of the principles of management. It was highlighted that the principles of management have distinctive features or characteristics which a manager should take note of when applying the principles in a variety of situations. It was clear that most of the principles of management are relevant today and in future organisations. Although the principles of management may need adaptation in certain situations they remain the foundation of management theory and practice.

Keywords: Principle and management.

INTRODUCTION

This article presents a discussion on the relevance and applicability of the principles of management in the management of current and future organisations. It is hoped that the article will provoke debate on the relevance and applicability of the principles of management to managers of existing and future organisations. However, before getting into the main discussion it is prudent to define the key terms namely: principle and management in order to put them into proper context thereby avoiding ambiguity.

Objectives

- Explain the distinctive features of the principles of management
- Explain Henri Fayol's principles of management
- Illustrate the relevance and applicability of the principles of management in the management of current and future organisations

DISCUSSION

A principle may be defined as a fundamental statement of truth providing a guide to thought and action [1]. Principles may be viewed as playing a dual role, that is, as axioms of theory from which practical applications flow and as precepts to guide corporate action [2]. In other words, a principle is a proposition or concept that serves as the foundation for a system of belief or behaviour or for a chain of reasoning. Principles may fall into the descriptive or prescriptive category. A prescriptive principle is one which shows what a manager should do whereas a descriptive principle merely sets out the relationship between variables. This discussion focuses on prescriptive principles.

There is no clear unanimity on the definition of the term management as the word has been defined variously by different people. The following is only a sample of what management means to different people:

Management is concerned with seeing that the job gets done: its task is all centred on planning and guiding the operations that are going on in the enterprise – E.F.L. Brech

Management is the art of getting things done through and with people in formally organised groups. It is the art of creating the environment in which people can perform as individuals yet cooperate towards attainment of group goals. It is the art of removing blocks to such performance, a way of optimising efficiency to reach goals – Harold Koontz

Management is a distinct process consisting of planning, organising, actuating, and controlling performed to determine and accomplish the objectives by the use of people and resources – George R. Terry and

Management is principally the task of planning, coordinating, motivating and controlling the efforts of others towards a specific objective – James L. Lundy

It is not the intention of this article to provide a detailed analysis of the term management as viewed by various authorities. However, for the purpose of this article, management may be viewed as a way of getting things done through others by satisfying their needs [1]. It entails the fundamental functions of planning, organising, actuating and controlling to get the intended results. Thus, the principles of management are the ideas that form the basis of management.

The principles of management have a number of distinctive features [1]. These are:

Flexibility

Principles of management are flexible in nature. This means that they are adjustable to suit situations prevailing in any organisation. However, it is crucial to note that there are situations where some of the principles of management may not precisely apply. For instance, the principle of the division of work may not be applicable in small organisations to the same degree as in a large organisation.

Universal application

This feature highlights that most of the principles of management can be applied to all kinds of organisations where there is need for the coordination of human effort to achieve intended objectives. Indeed the principles of management have universal application because the same managerial functions of planning, organising, directing and controlling are relevant to all organisations regardless of their size.

Principles of management are relative, not absolute

This means that the principles of management should be applied carefully in relation to the needs of the organisation. Since the principles are relative, not absolute, it means that the same principle of management may differ in strength in different organisations.

Based on situation

This feature tells us that the application of principles of management depends on the specific situation prevailing in the organisation. Hence, principles can be modified and applied in accordance with the situations faced.

General statements

Principles of management have been expressed in the form of general statements derived out of experience in managing organisations. The principles have not been tested under laboratory or controlled conditions.

Why are principles of management needed?

Principles of management are important in many ways. G.R. Terry has this to say pertaining to the principles of management “Principles of management are to a manager as a ‘table of strength’ of materials is to a civil engineer.” According to [3] the principles of management are important and useful for the following reasons:

- To increase managerial efficiency. Principles of management provide guidelines to managers as to how they should function in different situations. This enables better functioning of the organisation which in turn increase managerial efficiency.
- To understand the nature of management. Knowledge of the principles of management aids in analysing the managers job and scope of his or her duties.
- To train managers. The importance and usefulness of the principles of management is aptly captured in Henri Fayol’s words “Management principles are necessary to train and educate future managers.” This means that without this organised body of knowledge, it would not be possible to train people for managerial positions.
- To improve research. The principles of management are useful in that they increase knowledge through research. Research generates new ideas for an organisation.
- To coordinate material and human resources. Coordination of material and human resources to achieve set objectives is made possible through the use of principles of management. Moreover, the principles of management are useful in optimising the utilisation of natural resources.
- To attain social objectives. Management is part of society since it takes input from the society and gives output to society. Principles of management are thus, important in that they help an organisation to accomplish social goals by the efficient utilisation of the scarce resources.

Henri Fayol’s Principles of Management

Henri Fayol put forward fourteen principles of management for the efficient running of businesses. As stated earlier, these principles of management are flexible and thus capable of adaptation to every need. The principles of management are:

Division of work

This entails the division of work among the different individuals in the organisation to cause specialisation in every activity. Division of work helps one to specialise in an activity which in turn increases the output with perfection [4, 1]. The more people specialise, the more efficient they become at performing their work [5]. The modern assembly line in industries epitomises the principle of division of work. According to Henri Fayol, division of work could be applied to both technical and managerial

kinds of work. For instance, in the manufacture of shirts, the process of manufacturing can be divided into various work units where one person focuses on putting in place the collars while someone else concentrates on creating button holes on the shirt. Specialisation brings with it the benefits of increased efficiency as well as elimination of waste of time and effort which results when one changes from one work to another. To enjoy the benefits of the principle of division of work, the manager should sufficiently motivate the employees.

In spite of the numerous benefits that division of work brings to an organisation, it should be pointed out that specialisation tends to make the work boring as a result of doing the same thing over and over again. Specialisation tends to stifle imitiveness and creativity because by its very nature it requires that persons doing the same task be grouped. Such an arrangement does not foster creativity within the group members. It is thus, imperative for a manager to minimise boredom and monotony at work by enriching the job. This is not to say away with specialisation but rather a call to rotate the employees so that they learn various stages of production and in the process acquire multiple skill sets. Moreover, several modern organisations are implementing business process reengineering (BPRE) and enterprise resource planning (ERP). These two techniques are based on team work and need employees with multiple skill sets as the team members are required to carry out multiple activities. As such in applying the principle of division of work and specialisation it is very important to be flexible and ensure that the principle suits the specific situation prevailing in the organisation. That is, the application of this principle in an organisation must not be forced where it does not fit.

Authority and responsibility

Authority refers to the power to give orders and instructions to the subordinates. Authority comes with responsibility. Responsibility is the duty that the person possessing the authority is expected to perform [1]. As an illustration, a manager has the authority to give orders and instructions to subordinates on one hand and yet on the other hand the same manager has a responsibility to achieve the goals of the organisation. There should be parity between authority and responsibility because authority without responsibility promotes irresponsible behaviour on the part of management while responsibility without authority makes management ineffective. It is however, interesting to note that while a manager's formal authority gives him or her right to command, he or she cannot always force obedience unless he or she has personal authority derived from relevant expertise and experience. This implies that in the appointment of manager's relevant experience and professional expertise is a fundamental requirement as it helps the

manager to gain acceptance and respect from the subordinates. Thus, for effective and efficient running of organisations authority and responsibility should be defined clearly even in temporary situations and acting capacities.

Discipline

Refers to obedience to rules and regulations of the organisation. How discipline is maintained in an organisation depends on the quality of leadership and the existence of clear and fair agreements among other things. In fact, discipline results from good leadership at all levels of the organisation, fair agreements such as provisions for rewarding superior performance and judiciously enforced penalties for infractions [5]. Discipline is important for the smooth running of an organisation. In the absence of discipline chaos reigns and this impinges on the attainment of organisational goals. Some of the existing organisations reward their employees for superior performance while punishing them for breaking fundamental rules and regulations all in the name of maintaining organisational discipline. Thus, both existing and future organisations require discipline for them to accomplish intended objectives and goals.

Unity of command

This principle requires that an employee receives orders from one and only one superior for any action [2]. The principle of unity of command is necessary to avoid confusion and conflict in an organisation. This principle is important because if an employee were to report to more than one manager conflicts in instructions and confusion of authority would ultimately result. In addition, it is easy to identify responsibility for mistakes when there is clearly defined unity of command. If the principle of unity of command is violated, authority will be undermined, discipline jeopardised, order disturbed and stability threatened. Even in dynamic organisations which are team based, loosely structured and flat it is crucial to clearly define who reports to whom to ensure the achievement of organisational goals. For instance, in team based organisations, team leaders should be appointed and given full responsibility and authority.

Unity of direction

This principle states that for a group of activity with the same objective there should be one head and one plan [1, 2]. The principle requires that operations within an organisation that have the same objective should be directed by only one manager [5]. The business activities are grouped on anyone of the bases, normally on functional basis [4] such as marketing, finance or human resources department. The activities of the group are then assigned to a manager who is expected to look after the activities of that particular group. Even in team based organisations there is need to adequately plan for any task that needs

to be done and to put in place a team leader for performance accountability. Thus, the principle of unity of direction is still relevant and applicable to existing and future organisations.

Subordination of individual interest to general interest

This principle requires that the objective of the individuals should be reconciled with those of the organisation. Under this principle the organisation is considered superior to the individuals, hence, when the individual and organisational interests conflict, the latter must prevail [1, 4, 5]. It is a requirement that the interests of the organisation take precedence over the interests of the employee all the time.

Remuneration of personnel

This principle calls for fair and just remuneration of employees [1]. It is important to note that [5] and [2] clearly state that compensation for work done should be fair to both employees and employers. Fair compensation to an employer means that the wage that is required by the employees should be within the capacity of the business to pay without suffocating it. Wages should not only be fair but they have to be reliable too [4]. This means that payment of wages should be done without delay. Fair wages are achieved when the wages are determined on the basis of the work done by the employee as well as benchmarking, that is, adopting best practices in terms of levels of wages for employees doing similar job activities in other organisations. When employees earn decent and fair wages they will be satisfied and have high morale which when properly harnessed results in increased productivity and performance. This principle is very relevant in both current and future organisations.

Centralisation

This refers to the concentration of authority at one level in the organisation. Centralisation implies the concentration of decision making authority at the top management. On the contrary, decentralisation is the dispersal of authority to the lower levels in an organisation [1]. The principle of centralisation implies decreasing the role of subordinates in decision making while increasing their role in decision making is decentralisation [5]. It is common practice that in small firms, authority is centralised while it is decentralised in large firms. The extent of centralisation or decentralisation of authority in any organisation depends on a number of factors such as the personal character of the superior and his or her morality. Decentralisation of authority implies delegation of authority. It is important to note that the manager who delegates authority retains the final responsibility for any consequences arising from the actions of the subordinate. Hence, in delegating authority, the manager should put in place mechanisms to ensure that

his or her subordinates perform the activities or work to his or her satisfaction.

Scalar chain/Line of authority

This principle implies the chain of superiors which ranges from top management to the lowest rank in an organisation [1, 5]. The principle suggests that there should be a clear line of authority from top to bottom which links all managers at all levels. A clear line of authority is very important because it displays the reporting structure within an organisation and this removes confusion as to who reports to whom. The designs of various organisational structures are based on this principle. It is most probable that future organisations will find this principle relevant in their situations.

Order

Orderliness is very important for the smooth running of any organisation be it public, private or non – profit making. Both social and material order is important [1]. Social order ensures the fluid operation of an organisation through authoritative procedure. Material order ensures safety and efficiency in the workplace. Order should be acceptable and conforming to the rules of the organisation. A workplace that lacks material order is susceptible to material waste, workplace related injuries and deaths. Thus, it is important to have detailed and clearly stated procedures for storing and handling materials in an organisation. The principle of order requires that people and materials be in the right place at the right time [4, 5]. This principle requires that people should be in the jobs or positions in which they are most suited and this can only be achieved through careful scientific selection. This is true for both existing and future organisations.

Equity

This principle implies impartiality, fairness and consistency in the administration of penalties, sanctions and rewards to employees [1, 4]. The principle requires that employees be treated kindly and with dignity. It entails the creation of a just workplace. In upholding the principle of equity, managers should give equal attention towards all employees. To achieve equity in an organisation there should be clearly laid down procedures to be followed by management with consistency. For example, employees in the same grade with similar qualifications should have same remuneration regardless of the colour, gender, race, tribe or ethnicity.

Stability of tenure of personnel

This principle recognises that for an organisation to run smoothly, human resources, especially managerial personnel must not frequently enter or exit the organisation [1]. Low employee turnover is healthy for any organisation because an

employee needs time to learn and master a new function [2]. The loyalty of the employees to the employer is enhanced when there is stability of tenure of personnel. Job security is essential. Insecurity of job leads to higher labour turnover which in turn increases administration expenses. In other words, for an organisation to run smoothly there should be a low rate of staff turnover particularly for key positions.

Initiative

This principle declares that using the initiative of employees can add strength and new ideas to an organisation. Employees are likely to take greater interest in the functioning of an organisation when they are allowed to be initiative and creative. This principle implies that managers should not chase productivity only as doing so undermines the potential of employees and robs organisations of the potential for innovation and creativity. It is important to point out that while productivity is valuable to an organisation, it offers only a fraction of the full potential that the employees can actually bring to the employer when creativity is prioritised over productivity [6]. This means that managers while chasing productivity should put in place opportunities for employees to be initiative and creative since an employee's zeal and activity grows with taking initiative at all levels of the social ladder [2]. Allowing employees to take initiative enables an organisation to achieve competitive advantage over rivals. It makes sense to posit that creative businesses are the future. Commenting on creativity [6, 16] opines that:

It's important because the industrialised world is reaching a point of parity, where improving the quality or quantity of products and services is less and less able to provide organisations with the competitive advantage they need to be successful (or even survive). In this "post – informational" world, as it's been called our attention must now turn to creativity.

Although Coplin wrote in the context of an industrialised world, his views apply even to the developing world because the globalised nature of the business environment will compel those firms and organisations in the developing world to attain competitive advantages through creativity. Managers should develop organisational capacity for innovation and creativity given the shift from an economy based on material products and transactions towards a

'creative economy' in which ideas and knowledge are the new capital [7]. Hence, both existing and future organisations should develop in their employees creative and initiative abilities for them to compete effectively in the marketplace.

Esprit de corps/Team spirit

This principle requires managers to develop morale in the workplace [1]. Both individual and communal morale is important for the attainment of organisational goals. Hence, managers should keep both individual and communal morale high in order to successfully achieve the goals of an organisation. Team spirit is critical in the development of an atmosphere of mutual trust and understanding. Team spirit enables an organisation to accomplish tasks easily and on time.

CONCLUSION

Key concepts namely principle and management were defined. Distinctive features of the principles of management were elaborated. The importance of the principles of management was discussed. The article critically examined the relevance and applicability of Henri Fayol's fourteen principles of management in current and future organisations. It was concluded that most of the principles are relevant and applicable to both existing and future organisations albeit with modifications to suit specific situations.

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