

# Fayol's Principles of Management

## 1 Mark Questions

**1. What is meant by Fayol's principle of 'esprit de corps'? (Delhi 2011)**

**Ans.** Fayol's principle of 'esprit de corps' suggests that management should promote a team spirit of unity and harmony among the employees.

**2. Which principle of management implies that there should be 'one head and one plan' for a group of activities having the same objective?**

**(All India 2010)**

**Ans.** Principle of unity of direction implies that there should be 'one head and one plan' for a group of activities having the same objective.

**3. Which principle of management states that an employee should receive orders from one superior only? (Delhi 2010c)**

**Ans.** Unity of command states that an employee should receive orders from one superior only.

**4. What does the principle of initiative indicate? (Delhi 2009)**

**Ans.** Principle of initiative indicates that the management should encourage workers to think, make and execute plans within prescribed limits of authority.

**5. Why did Fayol introduce the concept of 'gang plank' in the principle of 'scalar Chain'? (All India 2009)**

**Ans.** Fayol introduced the concept of 'gang plank' in the principle of 'scalar chain' to overcome the problem of communication delay in urgent matters.

**6. Which principle of management is violated, if a subordinate is asked to receive orders from two or more superiors? (HOTS; Delhi 2008C)**

**Ans.** Principle of 'unity of command' is violated.

## 3 Marks Questions

**7. Telco Ltd is manufacturing files and folders from the old clothes to discourage use of plastic files and folders. For this, they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for the cost reduction but it was not welcomed by the production manager. Another employee gave some suggestion for improvement in design, but it was also not appreciated by the production manager.**

- **State the principle of management described in the above para.**
- **Identify any two values that the company wants to communicate to the society. (Compartment 2014)**

**Ans. (i) Initiative** Henry Fayol suggested that work should be encouraged to develop and carry out their plans for improvements. Initiative means taking the first step with self-motivation.

(ii) Values which the company wants to communicate to the society are:

- Creation of job opportunities.
- Concern for environment.

**8. Voltech India Ltd is manufacturing LED bulbs to save electricity and running under heavy losses. To revive from the losses, the management thought of shifting the unit to a backward area where labour is available at a low cost. The management also asked the workers to work overtime without any additional payment and promised to increase the wages of the workers after achieving its mission. Within a short period the company started earning profits because both the management and the workers honoured their commitments. (Compartment 2014)**

**State the principle of management described in the above para.  
Identify any two values that the company wants to communicate to the society.**

**Ans. (i) Discipline** As suggested by Henry Fayol, discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation. He also suggested that there should be clear and fair agreements and judicious application of penalties.

(ii) Values communicated by the company towards the society are:

- Concern for environment (by manufacturing LED bulbs).
- Development of backward areas.

**9. Name and explain the principle of management according to which a manager should replace 'I' with 'We' in all his conversation with workers? (HOTS; Delhi 2013)**

**Ans. Esprit de corps** It is the principle of management, according to which a manager should replace 'I' with 'We' in all his conversation with workers.

Literally speaking, the phrase 'esprit de corps' means the spirit of loyalty and devotion which unites the members of the group.

According to Fayol, management should promote a team spirit of unity and harmony among employees. A manager should replace 'I' with 'We' in all his conversation with workers to foster team spirit. This will give rise to a spirit of mutual trust and belongingness among team members.

**10. Name and explain the principle of management which requires judicious application of penalties by the management. (HOTS; All India 2010; Delhi 2010)**

**Ans.** Discipline According to Fayol, discipline is obedience, application and outward mark of respect. It is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation. According to Fayol, discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties.

**11. Name and explain the principle of management in which workers should be encouraged to develop and carry out their plans for improvement in the organisation. (HOTS; Delhi 2010c)**

**Ans.** Initiative According to Fayol, 'Initiative means taking the first step with self motivation, it is thinking out and executing the plan'. It is one of the traits of an intelligent person. Initiative should be encouraged because employees get satisfaction when they are allowed to take initiative. But it does not mean going against the established practices of the company for the sake of being different.

#### **4/5 Marks Questions**

**12. Nikita and Salman completed their MBA and started working in a multi-national company at the same level. Both are working hard and are happy with their employers. Salman had the habit of backbiting and wrong reporting about his colleagues to impress his boss. All the employees in the organisation knew about it. At the time of performance appraisal, the performance of Nikita was judged better than Salman.**

**Even then their boss, Mohammad Sharif decided to promote Salman stating that being a female, Nikita will not be able to handle the complications of a higher post.**

**(i) Identify and explain the principle of management, which was not followed by this multi-national company.**

**(ii) Identify the values, which are being ignored quoting the lines from the above para. (VBQ; All India 2013)**

**Ans.** (i) Multi-national company was not following the principle of equity as the manager promoted Salman on the grounds that a female will not be able to handle the complications of a higher post. Fayol in his principle clearly stated that the managers should be fair and impartial while dealing with their subordinates. There should be no discrimination on the basis of caste, sex, religion, etc. The principle of equity implies that similar treatment should be assured to employees working at similar positions.

(ii) Values such as gender equality, emotional equity and fair treatment are violated in

the lines 'Mohammad Sharif decided to promote Salman stating that being a female, Nikita will not be able to handle the complications of a higher post'.

**NOTE** Principle of equity states that the employees should be treated with kindness and equity if devotion and loyalty is expected of them

**13. Explain Fayol's principles of 'equity' and 'order' with examples.  
(All India 2011)**

**Ans. (i) 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.

**(ii) Order** According to Fayol, 'People and material must be in suitable place at appropriate time for maximum efficiency'. This principle states that there should be a place for everything and everyone in an organisation and that thing or person should be found at its allotted place. This will lead to increased productivity and efficiency. For example, raw material should be available at the place prescribed for it.

**14. Explain the following principles of Fayol with the help of one example for each**

**(i) Discipline**

**(ii) Unity of command (Delhi 2011c)**

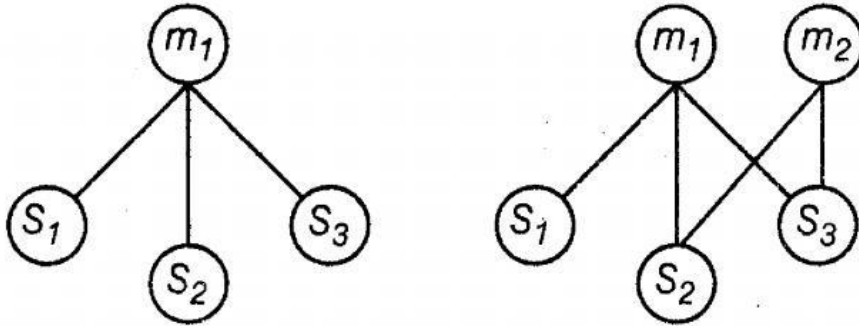
**Ans. (i) Discipline** Discipline is obedience, application, and outward mark of respect. It means obedience to the rules of the organisation on the part of both superiors and subordinates. Discipline is necessary for the smooth running of the organisation. According to Fayol, 'Discipline requires good 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.

**(ii) Unity of command** A subordinate should receive orders from one superior only at a given point of time. According to this principle, one subordinate should receive orders from one superior only at a given point of time. The principle is necessary to avoid confusion and conflict.

For example, if a subordinate receives orders from more than one superior in an organisation he will not be able to carry out multiple orders in a proper manner and thus, would be unable to satisfy his superiors. The subordinate would be in a confused state, as to whose orders should be

The principle of unity of command has been shown in the following diagram:



15. Explain the following principles of Fayol with the help of one example of each.

- **Division of work**
- **Unity of direction (All India 2011; Delhi 2011c)**

**Ans. (i) Division of work** Every employee should be assigned only one type of work. It means that total work is divided into small tasks/jobs and a trained specialist performs each job. The objective of division of labour derive the benefits from the principle of specialisation which can be applied to all work.

For example, publishing of a book involves several operations like computer typing of text material, proof reading, printing, binding, etc. All the operations are performed by different people who are experts in their respective field.

**(ii) 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.

16. Explain the following principles of Fayol with the help of one example for each:

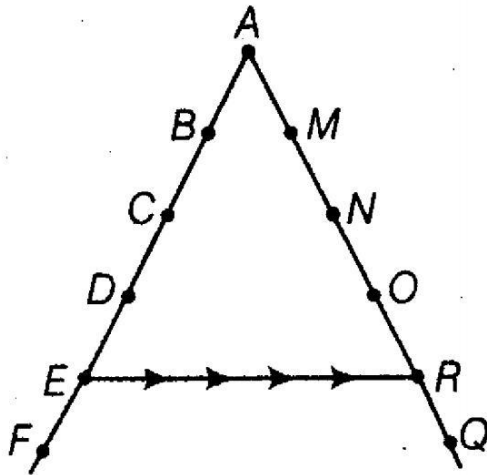
- **Scalar chain**
- **Stability of tenure of personnel (All India 2011)**

**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) Stability of tenure of personnel** According to this principle, there should be a reasonable security of jobs. Labour turnover should be minimised to maintain organisational efficiency. Personnel should be selected and appointed after due and rigorous procedure. But once selected, they should be kept at their post/position for a minimum fixed tenure. They should be given reasonable time to show results. Any adhocism in this regard will create instability/unsecurity among employees. They would tend to leave the organisation. Under this situation, recruitment, selection and training cost will be high.

For example, if Arnav is hired for the post of executive in a company then, according to this principle he should be kept on the same position for a fixed tenure say for 1 year, so that he can show results.

**17. 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**(All India 2008; Delhi 2008C)

**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 in order for a team to perform such kinds of players are required.

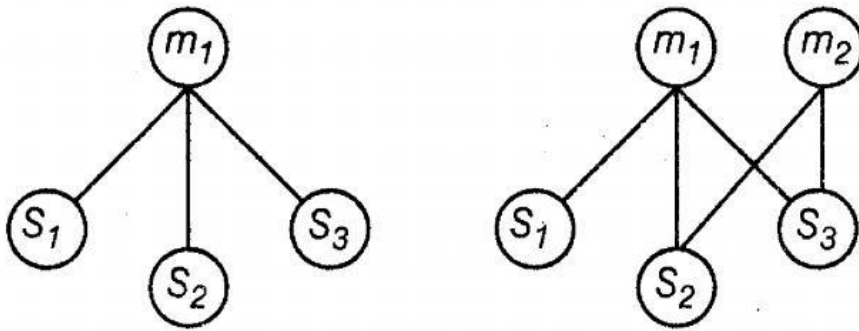
**(iv) Initiative** It means freedom to think out and execute a plan. The principle of initiative implies that the managers of an undertaking should encourage its subordinates to take some initiative in thinking out and executing plans. By encouraging initiative, the management can motivate employees 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.

## 18. Explain the following principles of management:

- **Scalar chain**
- **Science, not rule of thumb. (Delhi 2008)**

**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.

#### 19. Explain the following principles:

- **Discipline**
- **Harmony, not discord (All India 2008)**

**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.