

SMIT SIR COMMERCE

GSEB | ENGLISH MEDIUM

ORGANISATION OF COMMERCE AND MANAGEMENT

STANDARD 12

CHAPTER 2

Principles of Management

Complete Concept Notes | Simple Explanations | Examples | Exam Preparation

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Learn the Concept. Understand the Logic. Write Better Answers.

Chapter at a Glance

This chapter explains the basic principles and thoughts of management and then studies the major contributions of Frederick W. Taylor, Henry Fayol and Peter F. Drucker.

The chapter is not only about memorising names. It shows how management developed from formal rules and scientific methods to human behaviour, modern thinking, and objective-based management.

Stage	Topic	What You Learn
1	Principles of Management	Meaning, concept, nature and importance
2	Management Thoughts	Classical, Neo-Classical / Behaviour-related and Modern thoughts
3	Frederick W. Taylor	Scientific Management - principles and techniques
4	Henry Fayol	Six industrial activities and 14 principles of management
5	Peter F. Drucker	Contribution to modern management and Management by Objectives

EXAM IMPORTANT

Highest exam value: nature and importance of principles, classical/neo-classical/modern thoughts, Taylor's principles and techniques, Fayol's 14 principles, and Drucker's contribution.

Learning Objectives

After studying this chapter, you will be able to:

- explain the meaning and concept of management principles.
- describe the nature of principles of management.
- explain the importance of management principles.
- distinguish classical, neo-classical / behaviour-related and modern management thoughts.
- explain Frederick W. Taylor's Scientific Management.
- describe Taylor's principles and techniques such as time study, motion study and differential wage rate.
- explain Henry Fayol's six industrial activities.
- explain all fourteen principles of Henry Fayol with practical examples.
- describe Peter F. Drucker's contribution to management.
- write board-style answers with clear headings and examples.

SMIT SIR'S NOTE

The easiest way to remember the chapter is: Principles -> Thoughts -> Taylor -> Fayol -> Drucker.

2.1 Principles of Management - Meaning

Meaning: Principles of management are broad guidelines that help managers take decisions and manage people and activities effectively.

In Simple Words: They are not rigid laws. They are guiding rules developed from experience, observation and management practice.

KEY TERM - PRINCIPLE OF MANAGEMENT

A general guideline that helps managers decide how to act in recurring managerial situations.

Example: If an organisation clearly gives one employee one direct boss for a specific job, confusion is reduced. This idea becomes a management principle.

REMEMBER THIS

Principles guide decisions. They do not mechanically decide every action for the manager.

2.1.2 Concept of Management Principles

Management combines the features of both science and art. Therefore management principles provide systematic knowledge, but they must still be applied with judgement.

Why principles are not rigid: Human behaviour, technology, business conditions and time change. A principle that is useful in one situation may need adjustment in another.

Example: An employee with strong ability may need more responsibility, while another employee may first need training and guidance. The same managerial approach cannot be applied blindly to everyone.

SMIT SIR'S NOTE

A method or technique tells us the steps for doing a task. A principle gives broader guidance for deciding how to manage.

EXAM IMPORTANT

Use the phrase 'general guideline, not a rigid rule' in conceptual answers about management principles.

2.1.3 Nature of Principles of Management

No.	Nature	Core Meaning
1	Universal Acceptance	Useful in most types of organisations and managerial situations.
2	Flexible	Can be modified according to circumstances.
3	General Guidelines	Guide decisions; they do not give a fixed answer for every problem.
4	Based on Human Behaviour	Concern people, relationships, motivation and conduct.
5	Contingency	Application depends on the specific situation and circumstances.

1. Universal Acceptance

Meaning: Management principles can be applied in business and many other organised activities.

Example: Division of work can help a factory, school, hospital or office.

EXAM IMPORTANT

Exam Line: Management principles have wide applicability, though their exact application may differ.

2. Flexible

Meaning: Principles are not rigid conclusions. Managers can modify their application according to the situation.

Example: A small firm may use more centralised decisions, while a large firm may need more decentralisation.

EXAM IMPORTANT

Exam Line: Flexibility allows management principles to remain useful in changing conditions.

3. General Guidelines

Meaning: Principles give direction for solving managerial problems but do not provide one fixed solution.

Example: The principle of discipline gives guidance, but the exact disciplinary action depends on the situation.

EXAM IMPORTANT

Exam Line: Management principles are guidelines, not mathematical formulas.

4. Based on Human Behaviour

Meaning: Management deals with people. Therefore many principles are connected with motivation, relations, authority and behaviour.

Example: Fair remuneration influences employee satisfaction and effort.

EXAM IMPORTANT

Exam Line: Human behaviour is central because management is performed through people.

5. Contingency

Meaning: The proper application of a principle depends on the circumstances.

Example: A crisis may require faster centralised decisions, while normal operations may allow more participation.

EXAM IMPORTANT

Exam Line: Management principles are applied according to the needs of the situation.

2.1.4 Importance of Principles of Management

No.	Importance	Simple Meaning
1	Increase in Managerial Efficiency	Guidelines help managers work and decide more effectively.
2	Maximum Use and Effective Administration of Resources	Resources can be used with less waste.
3	Helpful for Scientific and Logical Decisions	Decisions become more reasoned and fact-based.
4	Cope with Changing Business Environment	Principles help managers respond to changing conditions.
5	Fulfil Social Responsibility	Responsible management considers employees, customers and society.
6	Useful for Research, Training and Development	Principles support management education and development.

1. Increase in Managerial Efficiency

Explanation: Management principles give managers tested guidance. This improves the quality and consistency of managerial decisions.

Example: A manager who understands division of work can assign tasks more efficiently.

2. Maximum Use and Effective Administration of Resources

Explanation: Principles help managers organise human and physical resources and reduce unnecessary waste.

Example: Clear responsibility prevents duplication of work.

3. Scientific and Logical Decisions

Explanation: Managers can base decisions on facts, experience and reason instead of only personal preference.

Example: A production decision is taken after examining cost, time and output rather than guesswork.

4. Coping with Changing Business Environment

Explanation: Management principles provide a framework that managers can adapt when technology, competition or other conditions change.

Example: A business may decentralise decisions when it expands into many locations.

5. Fulfilling Social Responsibility

Explanation: Good management considers the interests of employees, customers and society, not only profit.

Example: Fair wages and safe working conditions reflect responsible management.

6. Research, Training and Development

Explanation: Principles form the base for management study, training, research and development of managers.

Example: Management institutes teach principles so future managers can apply them in practice.

EXAM IMPORTANT

For 'Importance of Principles' answers, write the heading + explanation + one practical line. This turns a memorised answer into a strong board answer.

2.2 Thoughts of Management

Management thought means the different ideas, approaches and schools developed by thinkers to explain how organisations should be managed.

Thought	Time / Background	Main Focus
Classical Thought	Developed strongly around the industrial era	Structure, work, efficiency, authority and formal principles
Neo-Classical / Behaviour-related Thought	Developed as limitations of classical thinking became visible	Human behaviour, informal organisation, motivation and relationships
Modern Thought	Expanded especially after 1960	Multiple disciplines, technology, systems, environment and modern management approaches

REMEMBER THIS

Classical = work and structure. Neo-Classical = people and behaviour. Modern = systems, environment and multiple disciplines.

2.2.1 Classical Thoughts

Meaning: Classical management thoughts focused on improving organisational efficiency through scientific work methods, formal structure, authority, division of work and clear principles.

Main contributors mentioned in the chapter include: Frederick W. Taylor, Henry Fayol and Max Weber, along with other early management thinkers.

Major emphasis:

- specialisation and scientific distribution of work.
- formal organisational structure and authority.
- managerial duties and clear responsibilities.
- financial motivation and productivity.
- universal management principles.

Limitation that led to newer thinking: Classical thought often gave relatively more attention to formal structure and financial motivation and less attention to informal relations and the human side of work.

EXAM IMPORTANT

The key transition: Classical thought improved efficiency, but its limited attention to human behaviour created the need for Neo-Classical thought.

2.2.2 Neo-Classical Thoughts

Neo-Classical thought developed when management thinkers began to give greater importance to human behaviour, informal relationships and social needs inside organisations.

The chapter highlights the influence of Elton Mayo and the Hawthorne studies in giving importance to behaviour-oriented management thinking.

Important additions to management thought:

- informal organisation.
- human behaviour and human relations.
- motivation and inspiration.
- relationships among employees and groups.
- communication and leadership.

Other behaviour-oriented thinkers associated with this development include names such as McGregor, Maslow, Herzberg, Rensis Likert and Chris Argyris.

SMIT SIR'S NOTE

Neo-Classical thinking did not simply reject structure. It added the human side that classical thinking had under-emphasised.

2.2.2.1 Behaviour-Related Thoughts

Meaning: Behaviour-related thought studies how psychological and social factors affect employee satisfaction, motivation and efficiency.

Main areas emphasised:

- job satisfaction.
- motivation and inducement.
- leadership.
- communication and information.
- human relations and group behaviour.
- handling industrial disputes.
- employee psychology and behaviour.

Example: Two employees with similar skills may perform differently because one feels recognised and motivated while the other feels ignored.

REMEMBER THIS

Behaviour-related thought asks: 'How do people actually think, feel and behave at work?'

2.2.3 Modern Thoughts

Meaning: Modern management thought developed as organisations became more complex and management began to use knowledge from many fields.

Disciplines connected with modern management:

- psychology and sociology.
- statistics and mathematics.
- computer and information technology.
- systems and decision sciences.

Thinkers mentioned in the chapter: Koontz and O'Donnell, George R. Terry and other modern management contributors. The chapter also refers to Peter F. Drucker, William Ouchi and C. K. Prahalad in modern management development.

Core idea: There is no single simple formula for every organisation. Managers must understand people, technology, information and the changing environment together.

EXAM IMPORTANT

Modern thought is multi-disciplinary. Mention the role of psychology, sociology, mathematics/statistics and information technology.

Comparison of Management Thoughts

Basis	Classical	Neo-Classical / Behaviour	Modern
Main Focus	Efficiency, structure, authority	People, motivation, informal relations	Systems, environment, technology, multiple disciplines
View of Worker	Primarily economic / work role	Social and psychological person	Complex person within a wider system
Organisation	Formal structure	Formal + informal relationships	Open system interacting with environment
Decision Base	Rules, structure, productivity	Human behaviour and relationships	Data, systems, technology and situation

REMEMBER THIS

Think of development as: Machine/Structure -> Human Relations -> Whole System.

2.3 Frederick W. Taylor and Scientific Management

Frederick W. Taylor was an important contributor to classical management thought and is widely associated with the development of Scientific Management.

Meaning of Scientific Management: Work should not be performed only by habit or rule of thumb. It should be studied scientifically so that the best, most efficient and economical method can be identified.

KEY TERM - SCIENTIFIC MANAGEMENT

A management approach that studies work scientifically to improve efficiency, productivity and the use of resources.

In Simple Words: Find the best way to do the job, train the worker for it, set standards, measure results and reward better performance.

SMIT SIR'S NOTE

'Rule of thumb' means doing work mainly by habit, personal experience or guesswork instead of a scientifically studied method.

2.3.3 Principles of Scientific Management

No.	Principle	Core Idea
1	Scientific Method	Replace rule-of-thumb methods with scientific analysis.
2	Planning and Implementation	Experts plan scientifically; work is implemented accordingly.
3	Job Analysis	Study the job and the best way to perform it.
4	Standardisation	Set standards for tools, time, methods and resources.
5	Scientific Selection and Training	Select suitable workers and train them properly.
6	Financial Motivation	Use financial incentives to encourage higher productivity.
7	Economical Approach	Reduce production cost through scientific and technical control.
8	Mental Revolution	Develop co-operation and remove conflict between workers and management.

1. Scientific Method

Explanation: Traditional work based only on habit should be replaced by scientific study and analysis.

Example: A factory studies different packing methods and selects the one that uses the least time and effort.

2. Planning and Implementation

Explanation: Planning of work should be separated from casual execution. Specialists and managers scientifically plan the work and workers follow the planned method.

Example: A production engineer sets the standard work sequence before production begins.

3. Job Analysis

Explanation: Every job should be studied to find the quickest, safest and most economical way to perform it without unnecessary strain.

Example: A factory studies each step used by a worker while assembling a product.

4. Standardisation

Explanation: Standard sizes, tools, methods, time and other working conditions should be established to reduce unnecessary variation.

Example: All workers use the same approved tool for the same operation.

5. Scientific Selection and Training

Explanation: Workers should be selected according to the physical, mental and skill requirements of the job and then properly trained.

Example: A technically skilled worker is selected for machine work and trained on the approved procedure.

6. Financial Motivation

Explanation: Employees who achieve higher efficiency can be encouraged through suitable financial rewards.

Example: A worker who meets a higher standard of output may receive a higher rate of wages.

7. Economical Approach

Explanation: Scientific management should improve efficiency while also controlling production cost and correcting unnecessary deviations.

Example: The manager measures wastage and takes steps to reduce unnecessary material cost.

8. Mental Revolution

Explanation: Workers and management should stop treating one another as opponents and should co-operate for common productivity and mutual benefit.

Example: Management supports fair standards while workers co-operate in following scientific methods.

EXAM IMPORTANT

A complete Taylor answer should include all 8 principles in the textbook sequence.

2.3.4 Techniques of Scientific Management

The textbook gives three major scientific-management techniques:

Technique	Purpose
Time Study	Find the standard time required to complete a task.
Motion Study	Remove unnecessary movements of men and material.
Differential Wage Rate Study	Pay different wage rates according to efficiency / performance.

2.3.4.1 Time Study

Meaning: Time Study scientifically measures the normal time required to complete a particular task.

Purpose: To establish a standard time and improve the use of production equipment, labour and working time.

Example: A factory observes several trained workers to determine the normal time required to pack one carton.

EXAM IMPORTANT

Time Study = How much time should the job normally take?

2.3.4.2 Motion Study

Meaning: Motion Study examines the movements of workers and materials so unnecessary or unproductive movements can be removed.

Purpose: To reduce physical effort, save time and increase productivity.

Example: If a worker repeatedly walks across the room to collect a tool, the workstation can be rearranged so the tool remains within reach.

EXAM IMPORTANT

Motion Study = Which movements are necessary, and which can be eliminated?

2.3.4.3 Differential Wage Rate Study

Meaning: Differential wage rate means giving different wage rates according to the level of efficiency or output achieved by workers.

Purpose: To motivate workers to reach the required efficiency standard and improve productivity.

Example: A worker meeting or exceeding the standard may receive a higher rate, while a worker below the standard receives a lower rate.

SMIT SIR'S NOTE

The idea is not merely 'higher salary'. It links reward with efficiency.

2.4 Henry Fayol's Management Principles

Henry Fayol, a French engineer and industrialist, made a major contribution by explaining management from the viewpoint of the entire organisation and managerial process.

Before explaining his 14 principles, Fayol classified industrial activities into six groups.

Activity	What It Includes
Technical Activities	Production-related activities.
Commercial Activities	Purchasing, sales and exchange.
Financial Activities	Capital, its use, maintenance and reinvestment.
Safety Activities	Safety of employees, assets and goods / raw materials.
Accounting Activities	Financial statements and necessary statistical analysis.
Management Activities	Planning, organising, directing, co-ordinating and controlling.

Henry Fayol's 14 Principles - Overview

No.	Principle
1	Division of Work
2	Authority and Responsibility
3	Discipline
4	Unity of Command
5	Unity of Direction
6	Subordination of Individual Interest to General Interest
7	Remuneration of Personnel
8	Centralisation
9	Scalar Chain
10	Order
11	Equality
12	Stability of Personnel Tenure
13	Initiative
14	Esprit de Corps (Feeling of Oneness)

REMEMBER THIS

Fayol's principles are general guidelines for managers. They are not rigid laws.

1. Division of Work

Meaning: Work should be divided into specialised tasks so people can become more efficient and skilled.

Example: In a company, finance employees focus on accounts while marketing employees focus on customers.

EXAM IMPORTANT

Exam Line: Specialisation improves efficiency through division of work.

2. Authority and Responsibility

Meaning: A manager who is given responsibility must also receive enough authority to perform the task.

Example: A sales manager responsible for sales performance must have authority to guide the sales team.

EXAM IMPORTANT

Exam Line: Authority and responsibility should go together.

3. Discipline

Meaning: Employees and managers should respect rules, agreements, standards and proper conduct.

Example: Employees follow attendance rules and managers apply rules fairly.

EXAM IMPORTANT

Exam Line: Discipline creates order and supports effective organisational performance.

4. Unity of Command

Meaning: For a particular job, an employee should normally receive orders from only one direct superior.

Example: A clerk should not receive conflicting instructions from two managers for the same task.

EXAM IMPORTANT

Exam Line: One employee - one boss for a particular activity reduces confusion.

FAYOL QUICK RECAP - PRINCIPLES 1 TO 4**1. Division of Work**

Specialisation improves efficiency.

2. Authority & Responsibility

Responsibility must be supported by sufficient authority.

3. Discipline

Rules, agreements and proper conduct must be respected.

4. Unity of Command

One employee should receive orders from one direct superior for a task.

NEXT: Unity of Direction = one objective, one plan, one direction.

5. Unity of Direction

Meaning: Activities having the same objective should be directed under one plan and one responsible authority.

Example: All activities of a product launch follow one common marketing plan.

EXAM IMPORTANT

Exam Line: One objective should have one plan and unified direction.

6. Subordination of Individual Interest to General Interest

Meaning: Personal interest should not be allowed to damage the wider interest of the organisation.

Example: A manager should not choose a supplier only because of personal friendship.

EXAM IMPORTANT

Exam Line: Organisational interest should receive priority over narrow individual interest.

7. Remuneration of Personnel

Meaning: Employees should receive fair and suitable compensation for their work.

Example: A business uses reasonable wages and suitable incentive schemes.

EXAM IMPORTANT

Exam Line: Fair remuneration supports employee satisfaction and efficiency.

8. Centralisation

Meaning: The organisation should decide the appropriate balance between concentrated authority and delegation according to its needs.

Example: Major strategic decisions remain centralised while routine branch decisions may be delegated.

EXAM IMPORTANT

Exam Line: The degree of centralisation should suit the size and nature of the organisation.

9. Scalar Chain

Meaning: There should be a clear chain of authority from the highest level to the lowest level.

Example: A supervisor reports to the department head, who reports to the general manager.

EXAM IMPORTANT

Exam Line: Scalar chain establishes a clear line of authority and communication.

10. Order

Meaning: Resources and people should be placed in the right position at the right time.

Example: Materials are stored in the correct location and employees are assigned jobs suited to their skills.

EXAM IMPORTANT

Exam Line: Order means a proper place for every person and every thing.

11. Equality

Meaning: Employees should receive fair, reasonable and respectful treatment.

Example: Two employees doing comparable work are evaluated using fair standards.

EXAM IMPORTANT

Exam Line: Fair treatment strengthens trust and commitment.

12. Stability of Personnel Tenure

Meaning: Frequent unnecessary transfers and replacement of employees should be avoided because stability improves skill and organisational knowledge.

Example: A trained employee is retained long enough to develop expertise in the job.

EXAM IMPORTANT

Exam Line: Stability of tenure reduces turnover and supports efficiency.

13. Initiative

Meaning: Employees should be encouraged to think, suggest and take suitable initiative within their authority.

Example: A worker suggests a safer arrangement for tools and is encouraged to test the improvement.

EXAM IMPORTANT

Exam Line: Initiative develops confidence, creativity and leadership.

14. Esprit de Corps - Feeling of Oneness

Meaning: Managers should build unity, harmony and team spirit among employees.

Example: Departments co-operate instead of blaming one another for problems.

EXAM IMPORTANT

Exam Line: Team spirit and mutual harmony strengthen the organisation.

REMEMBER THIS

Quick Fayol memory: Specialise - Balance Authority - Discipline - One Boss - One Direction - Organisation First - Fair Pay - Right Centralisation - Chain - Order - Fairness - Stability - Initiative - Team Spirit.

Unity of Command vs Unity of Direction

Basis	Unity of Command	Unity of Direction
Meaning	One employee should receive orders from one direct superior for a task.	Activities with the same objective should follow one plan and one direction.
Focus	Individual reporting relationship	Group of activities / common objective
Main Benefit	Avoids conflicting instructions	Creates common direction and co-ordination
Easy Memory	One employee - one boss	One objective - one plan

SMIT SIR'S NOTE

This is one of the most commonly confused Fayol concepts. Learn the focus: Command = employee/boss; Direction = objective/plan.

2.5 Contribution of Peter F. Drucker

Peter F. Drucker was an important modern management thinker and is often called the Father of Modern Management.

The chapter highlights his contribution during a period when business organisations were changing because of globalisation and the need for newer management methods.

Main contributions emphasised in the chapter:

- Human assets: Drucker gave strong importance to people and their contribution in organisations.
- Management by Objectives (MBO): Managers and employees should work toward clearly defined common objectives.
- Self-regulation: Employees and managers should take responsibility for performance instead of depending only on external control.
- Contribution to functional management: His ideas influenced human resource management, marketing and newer approaches to management.

KEY TERM - MANAGEMENT BY OBJECTIVES (MBO)

A management approach in which organisational and employee objectives are clearly defined and efforts are directed toward achieving them.

EXAM IMPORTANT

Drucker answer keywords: Human assets + MBO + Self-regulation + Modern management.

MBO - Student-Friendly Explanation

Simple Meaning: Instead of only telling employees 'work harder', management clearly decides what result has to be achieved and aligns employee goals with organisational goals.

Example: A sales team is not simply told to improve. The manager and team set a specific target, decide responsibilities and review performance against that target.

Why it matters: Clear objectives improve direction, responsibility and performance measurement.

REMEMBER THIS

MBO = Clear objectives + shared direction + responsibility + review of results.

Taylor, Fayol and Drucker - Quick Comparison

Thinker	Main Focus	Key Contribution
Frederick W. Taylor	Scientific study of work and worker efficiency	Scientific Management, work analysis, standards and productivity
Henry Fayol	Management of the whole organisation	General management principles and administrative functions
Peter F. Drucker	Modern management, objectives and human assets	Management by Objectives, self-regulation and modern managerial thinking

REMEMBER THIS

Taylor = shop-floor efficiency. Fayol = general administration. Drucker = objectives and modern management.

Chapter Glossary

Term	Simple Meaning
Principle of Management	General guideline used to support managerial decisions.
Flexibility	Ability to modify application according to circumstances.
Contingency	Dependence on a specific situation or condition.
Classical Thought	Early management thinking focused on structure, authority and efficiency.
Neo-Classical Thought	Management thinking that emphasised human relations and behaviour.
Behavioural Thought	Study of motivation, satisfaction, leadership and human behaviour at work.
Modern Thought	Multi-disciplinary management approach using systems, technology and environmental thinking.
Scientific Management	Scientific study of work to improve efficiency and productivity.
Rule of Thumb	Traditional or habitual method without scientific analysis.
Time Study	Study of standard time required to perform a task.
Motion Study	Study and removal of unnecessary movements.
Differential Wage Rate	Different wage rates linked with efficiency or performance.
Unity of Command	One employee should receive instructions from one direct superior for a task.
Unity of Direction	One objective should be guided by one plan and direction.
Scalar Chain	Clear chain of authority from top to bottom.
Esprit de Corps	Unity, harmony and team spirit.
MBO	Management by Objectives - management through clearly defined objectives.

Common Mistakes Students Make

COMMON MISTAKE

Wrong idea: Principles are fixed laws.

Correct idea: They are flexible general guidelines and their application depends on circumstances.

COMMON MISTAKE

Wrong idea: Classical thought is useless today.

Correct idea: Many classical ideas about structure, work and authority are still important, but they are not sufficient alone.

COMMON MISTAKE

Wrong idea: Neo-Classical thought means no formal structure.

Correct idea: It adds human relations and behaviour to management; it does not eliminate the need for structure.

COMMON MISTAKE

Wrong idea: Time Study and Motion Study are the same.

Correct idea: Time Study measures standard time; Motion Study removes unnecessary movements.

COMMON MISTAKE

Wrong idea: Unity of Command and Unity of Direction are the same.

Correct idea: Command focuses on one boss for an employee; Direction focuses on one plan for one objective.

COMMON MISTAKE

Wrong idea: Centralisation means all decisions must always stay at the top.

Correct idea: Fayol's principle is about finding an appropriate degree of centralisation according to circumstances.

COMMON MISTAKE

Wrong idea: Scalar Chain means employees can never communicate.

Correct idea: It mainly means there should be a clear chain of authority and responsibility.

COMMON MISTAKE

Wrong idea: MBO means only setting targets.

Correct idea: MBO also aligns objectives, responsibility and performance review.

How to Write Major Answers in the Exam

Q1. Explain the Nature of Principles of Management

Best structure: Short meaning -> Universal acceptance -> Flexible -> General guidelines -> Based on human behaviour -> Contingency.

Q2. Explain Importance of Principles of Management

Best structure: One-line introduction -> 6 numbered importance points -> explanation of each.

Q3. Explain Principles of Scientific Management

Best structure: Meaning of Scientific Management -> 8 principles -> one-line example where useful.

Q4. Explain Henry Fayol's Principles

Best structure: Short introduction -> list all 14 principles in order -> explain each in 2-3 lines.

Q5. Explain Peter F. Drucker's Contribution

Best structure: Modern management context -> human assets -> MBO -> self-regulation -> other contributions -> Father of Modern Management.

EXAM IMPORTANT

For long answers, headings and sequence matter. The examiner should be able to identify every principle immediately.

Practice Set A - MCQs

1. Management principles are best understood as:

- A. rigid laws
- B. general guidelines
- C. personal habits
- D. accounting rules

2. Which nature of management principles means they can be changed according to situation?

- A. Flexibility
- B. Uniformity
- C. Permanence
- D. Rigidity

3. Which nature reflects dependence on circumstances?

- A. Contingency
- B. Permanence
- C. Accounting
- D. Ownership

4. Which school focused strongly on structure and efficiency?

- A. Classical
- B. Neo-Classical
- C. Modern only
- D. Informal

5. Which thought gave greater importance to human relations?

- A. Neo-Classical
- B. Classical only
- C. Financial thought
- D. Legal thought

6. Scientific Management is mainly associated with:

- A. Frederick W. Taylor
- B. Henry Fayol
- C. Peter Drucker
- D. Elton Mayo

7. Time Study determines:

- A. standard time for a task
- B. employee age
- C. market price
- D. capital cost

8. Motion Study mainly removes:

- A. unnecessary movements
- B. management levels
- C. all wages
- D. objectives

9. Differential wage rate links wages with:

- A. efficiency / performance
- B. office size
- C. number of managers
- D. location only

10. Unity of Command means:

- A. one employee - one boss for a task
- B. one objective - one plan
- C. one company - one product
- D. one market - one customer

11. Unity of Direction means:

- A. one objective - one plan
- B. one employee - one boss
- C. one worker - one wage
- D. one department only

12. Esprit de Corps means:

- A. team spirit
- B. centralisation
- C. accounting
- D. time study

13. Scalar Chain refers to:

- A. chain of authority
- B. wage rate

- C. production sequence only
- D. market chain

14. Management by Objectives is associated with:

- A. Peter F. Drucker
- B. Taylor
- C. Fayol
- D. Max Weber

15. Henry Fayol's framework contains how many management principles?

- A. 14
- B. 8
- C. 5
- D. 3

Practice Set B - Conceptual MCQs

16. A manager modifies a principle according to changing technology. Which nature is shown?

- A. Flexibility
- B. Rigidity
- C. Permanence
- D. Isolation

17. A company uses psychology, statistics and IT in decision-making. Which management thought is closest?

- A. Modern
- B. Classical only
- C. Traditional only
- D. None

18. A factory scientifically studies a job instead of relying on habit. Which Taylor principle?

- A. Scientific Method
- B. Esprit de Corps
- C. Unity of Direction
- D. Equity

19. Workers and management stop treating each other as opponents. Which Taylor principle?

- A. Mental Revolution
- B. Order
- C. Scalar Chain
- D. Time Study

20. A business uses the same approved tool and standard process for a job. Which Taylor principle?

- A. Standardisation
- B. Unity of Command
- C. MBO
- D. Centralisation

21. An employee receives conflicting instructions from two managers. Which Fayol principle is violated?

- A. Unity of Command

- B. Remuneration
- C. Stability
- D. Initiative

22. All advertising for one product follows one common campaign plan. Which principle?

- A. Unity of Direction
- B. Scalar Chain
- C. Order
- D. Discipline

23. Management allows employees to suggest improvements. Which Fayol principle?

- A. Initiative
- B. Stability
- C. Centralisation
- D. Authority only

24. A company avoids frequent unnecessary employee transfers. Which principle?

- A. Stability of Personnel Tenure
- B. Division of Work
- C. Scalar Chain
- D. Financial Motivation

25. Employees and managers jointly work toward clearly defined targets. Which concept?

- A. MBO
- B. Motion Study
- C. Time Study
- D. Rule of Thumb

MCQ Answer Key

Q	Ans
1	B
2	A
3	A
4	A
5	A
6	A
7	A
8	A
9	A
10	A
11	A
12	A
13	A
14	A
15	A
16	A
17	A
18	A
19	A
20	A
21	A
22	A
23	A
24	A
25	A

SMIT SIR'S NOTE

Do not only memorise the option letter. Explain to yourself which principle is being tested and why.

Exam Question Bank - One Sentence

- What is a principle of management?
- What is Time Study?
- What is Motion Study?
- What is Unity of Command?
- What is Unity of Direction?
- What is Scientific Management?
- What is meant by management thought?
- What is Rule of Thumb?
- What is Differential Wage Rate Study?
- What is Management by Objectives?

Exam Question Bank - Short Answers

- Explain why principles of management are flexible.
- Explain the meaning of contingency in management principles.
- State the main features of Classical Thought.
- State the main features of Behaviour-related Thought.
- Which other subjects are connected with Modern Management Thought?
- Explain the principle of Equality.
- Explain the principle of Unity of Command.
- Explain Taylor's Differential Wage Rate Study.
- Explain the difference between Time Study and Motion Study.
- State the six industrial activities classified by Henry Fayol.

Exam Question Bank - Brief / Long Answers

Brief-answer questions:

- Discuss the importance of principles of management.
- Write a short note on Modern Thoughts of Management.
- Explain why management principles are based on human behaviour.
- Explain the contribution of behaviour-related thoughts in management.
- Discuss Peter F. Drucker's contribution in the field of management.

Detailed-answer questions:

- Describe the principles of Scientific Management in detail.
- Describe Classical Thoughts of Management in detail.
- Explain Henry Fayol's principles of management.
- Explain the nature of principles of management.
- Compare Classical, Neo-Classical and Modern management thoughts.
- Explain Taylor's techniques of Scientific Management.

Application / Case-Based Practice

Case 1

A manager changes the degree of centralisation because the company expands from one branch to twenty branches. Which nature of management principles is shown?

Answer: Flexibility / contingency.

Case 2

A factory measures the normal time required to complete one operation. Identify the technique.

Answer: Time Study.

Case 3

A worker repeatedly walks across the workshop to collect tools. Management rearranges the layout to reduce movement. Identify the technique.

Answer: Motion Study.

Case 4

An employee receives instructions from two different supervisors for the same task. Which Fayol principle is violated?

Answer: Unity of Command.

Case 5

All activities of a new product launch are guided by one plan and one responsible manager. Which principle is applied?

Answer: Unity of Direction.

Case 6

Management asks workers for suggestions and gives them freedom to propose improvements. Which principle?

Answer: Initiative.

Case 7

A company develops strong unity and team feeling among departments. Which principle?

Answer: Esprit de Corps.

Case 8

Managers and employees jointly fix measurable targets and evaluate performance against them. Which modern concept?

Answer: Management by Objectives (MBO).

5-Minute Chapter Revision

Principles of Management: General managerial guidelines; not rigid laws.

Nature: Universal acceptance, flexible, general guidelines, based on human behaviour, contingency.

Importance: Efficiency, resource use, logical decisions, changing environment, social responsibility, research/training.

Classical Thought: Structure, efficiency, authority and formal principles.

Neo-Classical / Behaviour: Human relations, motivation, informal organisation, psychology.

Modern Thought: Multi-disciplinary, systems, technology and environment.

Taylor: Scientific Management. Principles = scientific method, planning, job analysis, standardisation, scientific selection/training, financial motivation, economy, mental revolution.

Techniques: Time Study, Motion Study, Differential Wage Rate.

Fayol: 6 industrial activities + 14 principles.

Drucker: Human assets, MBO, self-regulation, modern management.

EXAM IMPORTANT

Ultra-short memory: Guide - Think - Scientifically Manage - Administer - Manage by Objectives.

One-Page Master Revision Sheet

Topic	Must Remember
Principles	General guidelines, not rigid laws
Nature	Universal, flexible, general, human behaviour, contingency
Importance	Efficiency, resources, decisions, change, society, training
Classical	Structure and efficiency
Neo-Classical	Human behaviour and relationships
Modern	Systems, technology, multiple disciplines
Taylor	Scientific Management - 8 principles
Taylor Techniques	Time Study, Motion Study, Differential Wage Rate
Fayol	6 industrial activities + 14 principles
Command vs Direction	One employee-one boss vs one objective-one plan
Drucker	Human assets + MBO + self-regulation
MBO	Clear objectives + shared direction + performance review

Have You Mastered This Chapter?

- ☐ I can explain the meaning and nature of management principles.
- ☐ I can explain all 6 importance points.
- ☐ I can distinguish Classical, Neo-Classical and Modern thoughts.
- ☐ I can explain Taylor's 8 principles.
- ☐ I can explain all 3 Taylor techniques.
- ☐ I can explain Fayol's 14 principles in order.
- ☐ I can distinguish Unity of Command and Unity of Direction.
- ☐ I can explain Drucker's contribution and MBO.
- ☐ I can solve the MCQs and case questions without guessing.

CHAPTER 2 COMPLETE

Principles of Management

SMIT SIR'S FINAL MESSAGE

Do not memorise the names alone. Understand the progression: principles give guidance, management thoughts show how ideas developed, Taylor improved scientific efficiency, Fayol explained general administration, and Drucker connected management with objectives and modern organisational thinking.

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