

REVISION NOTES

Principles of Management

Fayol, Taylor and the functions of management

SUBJECT

Business Studies

CLASS / COURSE

Class 12 · CBSE / BBA

PREPARED BY

Subject Teacher

How to Use These Notes

These notes cover the nature of management, Fayol's and Taylor's principles, and planning and organising. Each chapter starts with a short overview, then lists the key definitions, explains the core concepts with examples, and ends with practice questions. Answers to the multiple-choice questions are at the end.

Study plan

- Read the overview and definitions first
- Work through the solved examples without looking at the answers
- Attempt the practice questions in timed conditions
- Revise using the summary sheet the night before the exam

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Chapter 1: Nature and Significance of Management

Management is the process of getting things done effectively and efficiently through others. It is goal-oriented, pervasive, continuous and dynamic, and it is described as both an art and a science.

Key Definitions

Term	Meaning
Effectiveness	Completing work on time and achieving goals
Efficiency	Doing work with minimum cost and resources
Coordination	Synchronising the efforts of different departments
Top management	Senior executives who set objectives and policies
Supervisory management	Foremen and supervisors who direct workers

Characteristics of Management

Management is goal-oriented, all-pervasive across organisations, multidimensional (work, people, operations), continuous, a group activity, dynamic and intangible.

Levels and Functions

Top, middle and lower levels of management each plan, organise, staff, direct and control, though the time spent on each function differs by level.

- Planning
- Organising
- Staffing
- Directing
- Controlling

Solved Examples

Q1. Why is coordination called the essence of management?

Every function and level needs coordination to align individual efforts with organisational goals; it is not a separate function but runs through all of them.

Q2. Is management a profession? Give one reason each way.

It has a systematic body of knowledge and formal education (for), but there is no compulsory licence to practise (against).

Exam tip

Case-based questions often hide the level of management in a job title — underline it before answering.

Practice Questions

A. Multiple choice

1. Management is

(a) Only an art (b) Only a science (c) Both art and science (d) Neither

2. Which is not a function of management?

(a) Planning (b) Staffing (c) Selling (d) Controlling

3. Coordination is

(a) A function (b) The essence of management (c) A level (d) A policy

4. Doing work at minimum cost is

(a) Effectiveness (b) Efficiency (c) Coordination (d) Control

B. Short answer

1. Distinguish effectiveness from efficiency.

2. Name the levels of management.

3. Why is management called pervasive?

C. Long answer

4. Explain the characteristics of management.

5. Explain coordination and why it is the essence of management.

Chapter 2: Principles of Management

Principles of management are broad guidelines for decision-making. Henri Fayol gave 14 general principles; F. W. Taylor developed scientific management to improve productivity in factories.

Key Definitions

Term	Meaning
Division of work	Work divided into small tasks done by specialists
Unity of command	Each employee receives orders from only one superior
Scalar chain	Formal line of authority from top to bottom
Gang plank	Direct communication between employees at the same level
Functional foremanship	Taylor's system of eight specialist supervisors

Fayol's Principles

Fayol's principles include division of work, authority and responsibility, discipline, unity of command, unity of direction, subordination of individual interest, remuneration, centralisation, scalar chain, order, equity, stability of tenure, initiative and esprit de corps.

Taylor's Scientific Management

Taylor replaced rule-of-thumb with science, aimed at harmony rather than discord, and encouraged cooperation between management and workers. His techniques include time, motion and fatigue study, standardisation, functional foremanship and the differential piece-wage system.

Solved Examples

Q1. A worker receives conflicting orders from two managers. Which principle is violated?

Unity of command.

Q2. What is the differential piece-wage system?

Workers who meet the standard output receive a higher rate per piece than those who fall short, rewarding efficiency.

Exam tip

In case studies, quote the exact line that shows the principle and then name it — that is how marks are awarded.

Practice Questions

A. Multiple choice

1. Unity of command means

(a) One head, one plan (b) One boss for each employee (c) Equal pay (d) Team spirit

2. Gang plank is related to

(a) Scalar chain (b) Order (c) Equity (d) Discipline

3. Functional foremanship was given by

(a) Fayol (b) Taylor (c) Drucker (d) Maslow

4. Esprit de corps means

(a) Order (b) Team spirit (c) Equity (d) Initiative

B. Short answer

6. Distinguish unity of command from unity of direction.

7. What is a gang plank?

8. State two techniques of scientific management.

C. Long answer

9. Explain any six of Fayol's principles with examples.

10. Explain the techniques of scientific management.

Chapter 3: Planning and Organising

Planning decides in advance what to do and how to do it; organising arranges people and resources to carry out the plan.

Key Definitions

Term	Meaning
Objective	The end result the organisation wants to achieve
Policy	General guideline for decision-making
Procedure	Steps to carry out a routine activity
Delegation	Passing authority to a subordinate
Decentralisation	Systematic delegation of authority to all levels

Planning Process

Set objectives, develop premises, identify alternatives, evaluate them, select the best, implement and follow up.

Organisation Structure

A functional structure groups jobs by function (production, marketing, finance) and suits a single-product firm. A divisional structure groups by product or region and suits diversified firms.

- Delegation: authority can be delegated, responsibility cannot be fully delegated
- Accountability flows upward

Solved Examples

Q1. Is a “no smoking in the factory” instruction a rule or a policy?

It is a rule — a specific statement with no room for discretion.

Q2. Why do diversified companies prefer a divisional structure?

Each division can be managed as a separate unit with its own results, making performance easy to measure.

Exam tip

Learn the planning process as a flowchart; examiners accept it and it saves time.

Practice Questions

A. Multiple choice

1. First step in planning

(a) Developing premises (b) Setting objectives (c) Evaluating alternatives (d) Follow-up

2. Which cannot be delegated fully?

(a) Authority (b) Responsibility (c) Accountability (d) Work

3. A divisional structure groups activities by

(a) Function (b) Product (c) Skill (d) Level

4. A policy is

(a) A rigid rule (b) A general guideline (c) A budget (d) A method

B. Short answer

11. State two features of planning.

12. Distinguish delegation and decentralisation.

13. What is a functional structure?

C. Long answer

14. Explain the steps in the planning process.

15. Compare functional and divisional organisation structures.

Quick Revision Sheet

Chapter	Term	Remember
Nature and Significance of Management	Effectiveness	Completing work on time and achieving goals
Nature and Significance of Management	Efficiency	Doing work with minimum cost and resources
Nature and Significance of Management	Coordination	Synchronising the efforts of different departments
Principles of Management	Division of work	Work divided into small tasks done by specialists
Principles of Management	Unity of command	Each employee receives orders from only one superior
Principles of Management	Scalar chain	Formal line of authority from top to bottom
Planning and Organising	Objective	The end result the organisation wants to achieve
Planning and Organising	Policy	General guideline for decision-making
Planning and Organising	Procedure	Steps to carry out a routine activity

Answer Key

Chapter	Question	Answer
1	1	c
1	2	c
1	3	b
1	4	b
2	1	b
2	2	a
2	3	b
2	4	b
3	1	b
3	2	c
3	3	b
3	4	b