

# Business Studies

## PROJECT WORK

### PROJECT REPORT ON HENRY FAYOL'S PRINCIPLE OF MANAGEMENT WITH REFERENCE TO V-MART



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**CLASS** : XII COMMERCE  
**CBSE ROLL NO.** :  
**ACADEMIC YEAR** : 2014-2015  
**TEACHER IN CHARGE** : MR. MITHILESH KUMAR MISHRA



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## INTRODUCTION

About the Topic :- The title of the study is - "Project Report on Henry Fayol's Principles of Management with reference to V-Mart."

According to Koontz and O'Donnell, "Management Principles are fundamental truths of general validity which have value in predicting the results of management action."

These days business has assumed wider dimensions as a result of which numerous problems arise in day to day activities and the manager of the organisation has to solve these problems. A manager needs guidelines to grapple with the problems and run the organisation efficiently. The principles of management guide the managers. That is why, the study of principles of management is important.

The Study Plan :- The following are the contents of the study plan :-

- Objective of the study
- Selection of Organisation
- Subject Matter of the study
- Period of the study
- Observation tools used

• Objective of the study :- The chief purpose of this project is to see the principles of management being implemented in real life. With its help we shall get

the information whether the principles of management which we come across in the books are actually true? And whether by following the principles of management the efficiency of the managers is actually enhanced.

- Selection of Organisation :- In order to achieve the objective of this project we needed an organisation where business is carried on a large business and various activities are performed. On the advice of the project guide Mr. Mithilesh Kumar Mishra, V-Mart was selected. The following were the chief reasons for selecting this company:
  - i) It is capable of fulfilling the purpose of the project.
  - ii) It is situated nearby and visiting it would be easy.

### About the organisation

Name of the Company	: V-Mart Ltd.
Head Office	: New Delhi
Company Type	: Private Limited
Industry Type	: Retail Sector
Year of Establishment	: 2002
Founder (s)	: Mr. Lalit Agarwal Mr. Hemant Agarwal
Area served	: Local
No. of employees	: 80
Annual Sales	: ₹ 80 crores
Annual Profit	: ₹ 20 crores
Fixed Assets	: ₹ 10 crores

● Subject Matter of the Study :- Under this project, the 14 principles of management advocated by Henry Fayol were studied. These principles are as follows:

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 to Employees
8. Centralisation and Decentralisation (Effective Centralisation)
9. Scalar Chain
10. Order
11. Equity
12. Stability of Personnel
13. Initiative
14. Espirit de Corps

● Period of the Study :- The period of study happens to be one year. So far as the class is concerned, 30 periods have been provided.

● Observation Tools Used

1. Questionnaire
2. Personal Observation

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In this chapter the following principles of management have been examined with the help of a questionnaire:

1. Authority and Responsibility
2. Unity of Command
3. Subordination of Individual Interest to General Interest
4. Remuneration to Employees
5. Centralisation and Decentralisation
6. Scalar Chain
7. Equity
8. Stability of Personnel
9. Initiative
10. Division of Work
11. Discipline
12. Unity of Direction
13. Order
14. Espirit De Corps

Questionnaire (used for report making)

Sr. No.	Questions	Y	N	N.R.	T
1.	Do you have all the authority connected with your work?				
2.	Do you get orders from more than one boss?				
3.	Do you give top priority to the interests of the company?				
4.	Do you get reasonable remuneration?				
5.	i) Are the daily decisions made by the people concerned?				

	ii) Are the major decisions taken only by the higher authorities?			
6.	Does the boss of your boss directly communicate with you?			
7.	Does your company give equal remuneration to all the employees doing a similar job?			
8.	Have you served this company for more than one year?			
9.	Does your boss give importance to your suggestions?			

### Analysis (Based on Questionnaire)

#### I. Authority and Responsibility

- Meaning :- According to this principle, "authority and responsibility go hand in hand."

- Results of Empirical Investigation

Q - Do you have all the authority connected with your work?

Ans -

Yes	No	No Response	No. of Respondents
60	10	10	80

- Explanation :- About the principle of management - 'Authority and Responsibility', 80 employees of the company were asked to give reply to the question indicated in the table. A total number 80 responded in favour while 10 responded with a negative reply. However, 10 people did not express any opinion.

- Conclusion :- The figures given in table are a clear

indication of the fact that the employees have got the authority to discharge their responsibility regarding the work entrusted to them. It can, therefore be said that this principle of management is being implemented in this company.

## 2. Unity of Command

• Meaning :- "There should be one and only one boss for every individual employee" according to this principle.

• Results of Empirical Investigation

Q - Do you get orders from more than one boss?

Ans - Yes	No	No Response	No. of Respondents
10	66	04	80

• Explanation :- 80 employees of the company were asked to respond about the principle of management - unity of command, to the question given in the table. Only a total of 10 employees responded with 'Yes', while 66 responded negatively. The remaining 04 employees did not give any reply.

• Conclusion :- The figures given in the table tell us that out of 80 employees 66 employees said that they received orders from a single officer at a time. It can, therefore be said that the company has really understood the importance of this principle of management.

## 3. Subordination of Individual Interest to General Interest



- Meaning :- According to this principle, "the interests of an organisation should take priority over the interests of any one individual employee."

- Results of Empirical Investigation :-

Q - Do you give top priority to the interests of the company?

Ans -	Yes	No	No Response	No. of respondents
	67	08	05	80

- Explanation :- With respect to principle of management, 'subordination of individual interest to general interest', 80 employees of the company were asked to respond. Out of 80 employees, 67 responded in favour while the other 08 respondents replied in the negative. The remaining 05 employees did not give any response.
- Conclusion :- On the basis of the figures available in the table it can be asserted that the employees of the company gave priority to general interest over the individual interest.

#### 4. Remuneration to Employees

- Meaning :- According to this principle, "the employees should be paid fair remuneration, which should give them at least a reasonable standard of living".

- Results of Empirical Investigation :-

Q - Do you get reasonable remuneration?

Ans -	Yes	No	No Response	No. of respondents
	35	40	05	80

- Explanation :- Regarding the principle of management - 'Remuneration to Employees' 80 respondents were

asked to express their opinion. 25 employees said that they were not getting reasonable remuneration. On the other hand 35 employees are expressing a positive opinion about it. The employees who remained numb of this issued numbered only 05.

- Conclusion :- On the basis of the above analysis nearly fifty percent of the employees of the company are not happy about the remuneration policy of the company. Therefore, it can undoubtedly be said that the company lags behind in observing this principle of management.

## 5. Centralisation and Decentralisation

- Meaning :- According to this principle, 'the superiors should adopt effective centralisation instead of complete centralisation and complete decentralisation.'

- Results of Empirical Investigation :-

Q - i) Are the daily decisions made by the person concerned?

ii) Are the ~~the~~ major decisions taken only by the higher authorities?

Ans -	Yes	No	No Response	No. of respondents
i)	66	09	05	80
ii)	75	00	05	80

- Conclusion :- The above analysis clearly shows that the company does not adopt a complete centralisation. Neither does it do so in the case of decentralisation. Instead it can be said that the company follows the principle of centralisation in an effective way.

## 6. Scalar Chain

- Meaning :- According to this principle, 'Organisation should have a chain of authority and communication that runs from top to bottom and should be followed by managers and subordinates.

- Results of Empirical Investigation :-

Q - Does the boss of your boss directly communicate with you ?

Ans -

Yes	No	No Response	No. of Respondents
61	12	07	80

- Explanation :- All the employees were asked the question given in the table regarding the principle of 'Scalar Chain'. A total of 61 employees responded positively while a total of 12 employees answer was in the negative. The number of employees who did not express any opinion was only 07.

- Conclusion :- The above analysis shows that majority of the employees vouch for the fact that they have indirect communication with the boss of their boss. Obviously it is an indication of the fact that while communication between the two persons takes place in this manner a step is being overlooked. It should be our inevitable conclusion that the principle of scalar chain is being violated. This situation is certainly not in favour of the company.

## 7. Equity

- Meaning :- According to this principle, 'the managers

should treat their subordinates as fairly as possible so that they develop a feeling of dedication for their work.'

● Results of Empirical Investigation :-

Q - Does your company give equal remuneration to all the employees doing a similar job?

Ans - Yes	No	No Response	No. of Respondents
45	31	04	80

● Explanation :- Regarding the principle of 'Equity', the question given in the table was to put all the employees. A total of 45 employees responded positively, while a total of 31 employees responded negatively. Those who did not give any response was significantly low, i.e. just 04 persons.

● Conclusion :- The above analysis clearly establishes the fact that the questions about the principles of Equity elicited a mixed response from the employees. It can, therefore, be said that the company is not conscious about observing the principle of management. The violation of such an important principle of management gives a rude shock to the efficient and hardworking employees and they start losing their confidence in the company.

8. Stability of Personnel

● Meaning :- According to this principle, "there should be a stability of tenure of the employees so that the work continues efficiently."

● Results of Empirical Investigation :-

Q - Have you served this company for more than one year ?

Ans -	Yes	No	No Response	No. of Respondents
	28	51	01	80

- **Explanation :-** All the 80 employees of the company were asked the question given in the table regarding the principle stability of personnel. More than half the number of employees responded negatively, whereas 28 employees confirmed the fact that they have served the company for more than one year. Only one person did not express any opinion.
- **Conclusion :-** The above analysis indicates that labour turnover rate in the company is on the higher side. In other words, the employees do not continue to be in the service of the company for a longer period. This situation reflects mis-management in the company. Therefore, the company has to take care of the stability of the personnel in its own interests.

## 9. Initiative

- **Meaning :-** According to this principle, "employees in the organisation must be given an opportunity in making and executing plan."
- **Results of Empirical Investigation :-**

Q - Does your boss give importance to your suggestions ?

Ans -	Yes	No	No Response	No. of Respondents
	57	18	05	80

- Explanation :- In order to check the implementation of the principle of 'Initiative' in the company all the 80 employees were asked the question given in the table. A total number of 57 employees were in favour of the question, while 18 employees gave negative answers. The other 5 persons remained numb on the question.
- Conclusion :- The above experiment shows that more than fifty percent employees felt that their opinions were given importance. This is a comfortable situation. This helps in encouraging initiative and confidence of the employees.

### Analysis (Based on Personal Observation)

#### 10. Division of Work

- Meaning :- According to this principle, "as far as possible the whole work should be divided into small parts and each individual should be assigned only one part of the work according to his ability and taste repeatedly so that the benefits of specialisation may be achieved.
- Results of Empirical Investigation :- During the course of the personal observation regarding the principles of division of labour whatever was observed in the company may be described as follows:
  - i) close to the entrance gate the company has located a reception counter. All the customers were being received here. They were being told where they

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could obtain the items they wanted to purchase and which section they should visit.

- i) When the customer reaches the section concerned, the salesman helps him choosing the items of his need. Here the sale is finalised. The salesman hands over a token to the customer and directs him to the payment counter.
- ii) In the mean time the goods sold are carried to the Bill counter.
- iii) From the bill counter the goods are sent to the packing counter.
- iv) From the packing counter, the packed material and the bill are sent to the payment counter. The customer is already at the counter along with the token. Here the customer hands over the token, makes the payment and takes delivery of the goods purchased.
- Conclusion :- The above stated facts indicate that the company has divided the total work into many parts. All the people perform particular job repeatedly. Therefore, it can be said that the principle of work i.e. division of work is actually being observed meticulously.

## 11. Discipline

- Meaning :- According to this principle, "the organisational rules and employment agreement should be obeyed by both the superiors and subordinates which are necessary for the successful working of the organisation."
- Results of Empirical Investigation :- During the course of personal observation regarding the principle of

'Discipline' the following facts came to light:

It was observed that the employees usually got into personal conversation the moment they found any opportunity of doing so. They indulged in long conversations over the telephone in a joyful mood. Sometimes, the customers were seen being ignored.

Conclusion :- The above facts highlighting the important aspect of their conduct. It shows that the employees are not fulfilling their commitment with the company to work honestly for it. Therefore, it can be said that this principle of management is being violated in the company.

## 12.8. Unity of Direction

- Meaning :- According to this principle, "there should be one head and one plan for a group of activities having the same objective."
- Results of Empirical Investigation :- During the course of personal investigation, the following facts came to our notice regarding the principle of 'Unity of Direction':
  - i) The business of the company was divided into three main units - Ladies Wear, Gents Wear and Kids Wear.
  - ii) All the three units were headed by three different individuals.
  - iii) Every head kept a watch over the activities of his own unit, e.g., sale purchase, the attitude or behaviour of the subordinates towards the customers, customer's satisfaction etc.



- Conclusion :- The above facts make it clear that the company has mainly three units. Every unit has to deal with different kinds of customers. All the units try to satisfy their customers with their efforts in different ways. Therefore, it is clear that each is headed by a different individual and he is planning and regulating the activities of his unit in his own way. The situation tells us that the principle of Unity of Direction is being implemented in the company.

### 13. Order

- Meaning :- According to this principle, "a right person should be placed at the right job and a right thing should be placed at the right place."
- Results of Empirical Investigation :- During the course of our investigation regarding the principle of 'order' the following facts were observed:
  - i) It was found that all the units had arranged their goods in a proper and orderly manner.
  - ii) Whenever the material / goods got scattered because of the rush of customers, it was immediately restored in its proper place.
  - iii) All the employees were observed to be working in their decided place of work.
- Conclusion :- The above description makes it clear that all the goods are placed in their decided place. Similarly, all the employees work only on the pre-determined place of duty. Therefore, it can be said that the principle of order is being observed

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in the company .

#### 14. Espirit De Corps

- Meaning :- According to this principle, "a manager should continuously make efforts to develop a team spirit among the subordinates."
- Results of Empirical Investigation :- During the course of personal investigation the following facts with regard to the principal of Espirit De Corps came to light:
  - i) Usually the managers were seen using the word 'I' instead of the word 'WE'.
  - ii) It was also observed that the managers did not show any interest for his subordinates.
- Conclusion :- The above facts make it clear that the managers in the company are the victims of some sort of superiority complex. That is the reason as to why they give importance to the word 'I' instead of the word 'WE'. In the presence of such a situation the question of the feeling of cooperation on the part of the employees is simply out of question. The principle of management is surely being violated in the company. This is not a good situation.

## CONCLUSION

According to the Professor W.H. Ripatovic, 'A Project is a whole hearted, purposeful activity proceeding in a social environment.'

A Project from the point of view of students can be purposeful learning activity including practical problems, planned and carried out in a real life manner to achieve specific goals. In other words project work refers to a successful completion of a study.

This project work has been helpful in studying the meaning, techniques and functions of Principles of Management given by Henry Fayol in a better manner.

Principles of Management are general and broad guidelines for decision making and behaviour of managers.

The project had been helpful in understanding the significance of Principles of Management which is as under :-

- Provide useful insight to managers
- Optimum utilisation of resources and effective administration.
- Scientific Decisions.
- Meeting changing environmental requirements.
- Fulfilling social responsibility.
- Management Training, Education and Research

Thus, this project work was of immense benefit for me.

# BIBLIOGRAPHY

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1. NCERT-Textbook in Business Studies for class XII
2. Business Studies by R.K. Singla for class XII

## Newspapers

1. Hindustan Times
2. The Times of India
3. Dainik Jagran

## Magazines

1. Business and Economy
2. Business Today

## Internet

1. Meritnation.com
2. Topperlearning.com
3. CBSEguide.com

# ACKNOWLEDGEMENT

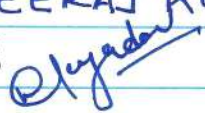
I have taken efforts in this project. However, it would not have been possible without the kind support and help of many individuals and organisations. I would like to extend my sincere thanks to all of them.

I thank my school for providing me with everything that I required in completing this project. I am highly indebted to the teacher in charge Mr. Mithilesh Kumar Mishra for his guidance and constant supervision as well as for providing necessary information regarding this project and also for his support in completing the project.

I would like to express my gratitude towards my parents for their kind co-operation and encouragement which helped me in the completion of this project.

My thanks and appreciations also go to my classmates in developing the project and to the people who have willingly helped me out with their abilities.

Place : Fatehgarh  
Date : 10 January 2015

Name : DHEERAJ KUMAR  
Signature : 

# CERTIFICATE

This is to certify that the content of this project entitled, 'Project Report on Principles of Management by Henry Fayol in reference to V-Mart' by Master DHEERAJ KUMAR is the bonafide work of him submitted to ARMY PUBLIC SCHOOL, FATEHGARH for consideration in partial fulfillment of the requirement of CBSE, Delhi for the award of Senior School Certificate in Commerce.

The original research work was carried out by him under my supervision in the academic year 2014-15. On the basis of the declaration made by him I recommend this project report for the evaluation.

Mr. Mithilesh K. Mishra  
Project Guide  
Signature :

Place : FATEHGARH

Date : 10 January 2015

## **Teacher's Observation and Remarks**

## Fourteen Principles of Management By Henry Fayol

1. Specialization of Labour
2. Authority
3. Discipline
4. Unity of Command
5. Unity of Direction
6. Subordination of Individual Interest
7. Remuneration
8. Centralization
9. Scalar Chain (Line of Authority)
10. Order
11. Equity
12. Personal Tenure
13. Initiative
14. Esprit De Corps



**V Mart store from outside**



**Mr. Lalit Agarwal: Founder of V-Mart**



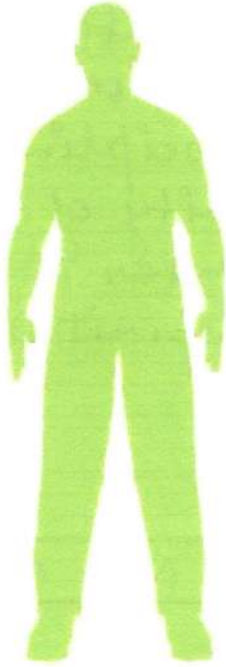
**V Mart store from inside**



**Authority and Responsibility**

**Manager**

**Subordinate**

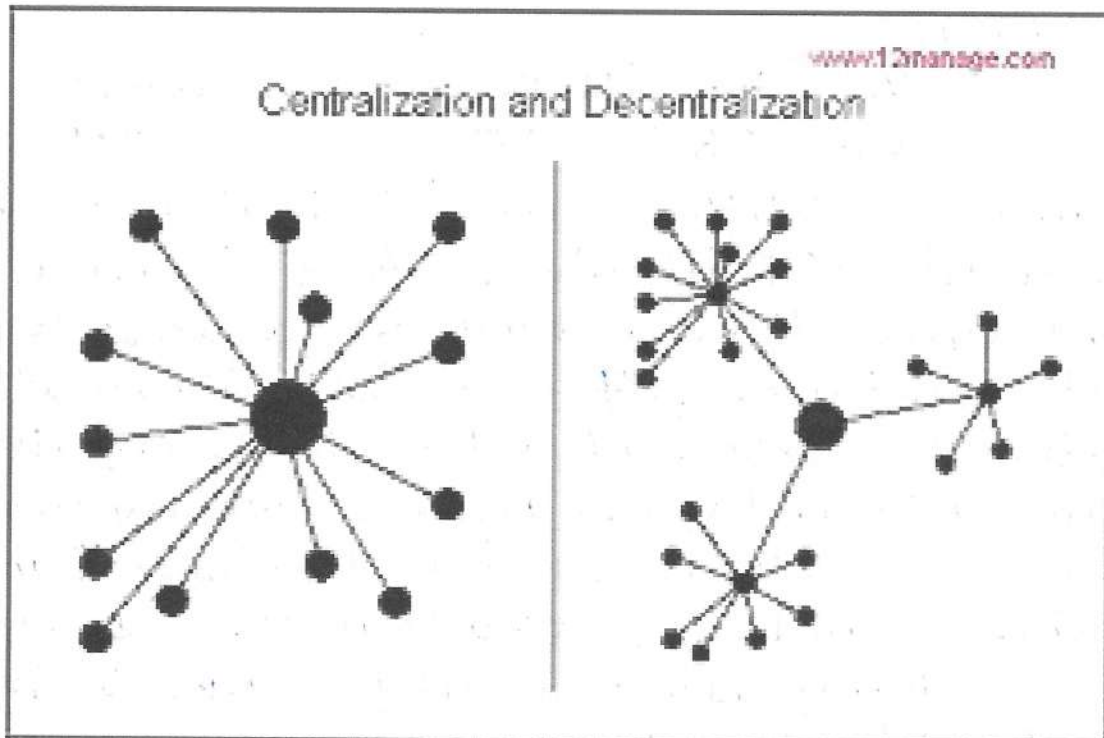


Responsibility →

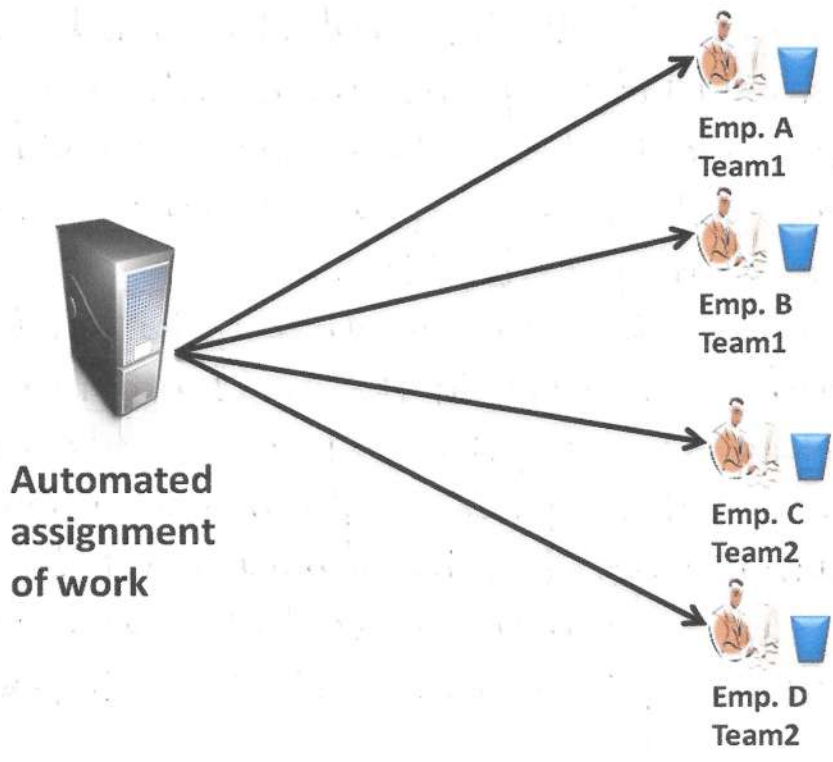
Authority →

←  
Accountability

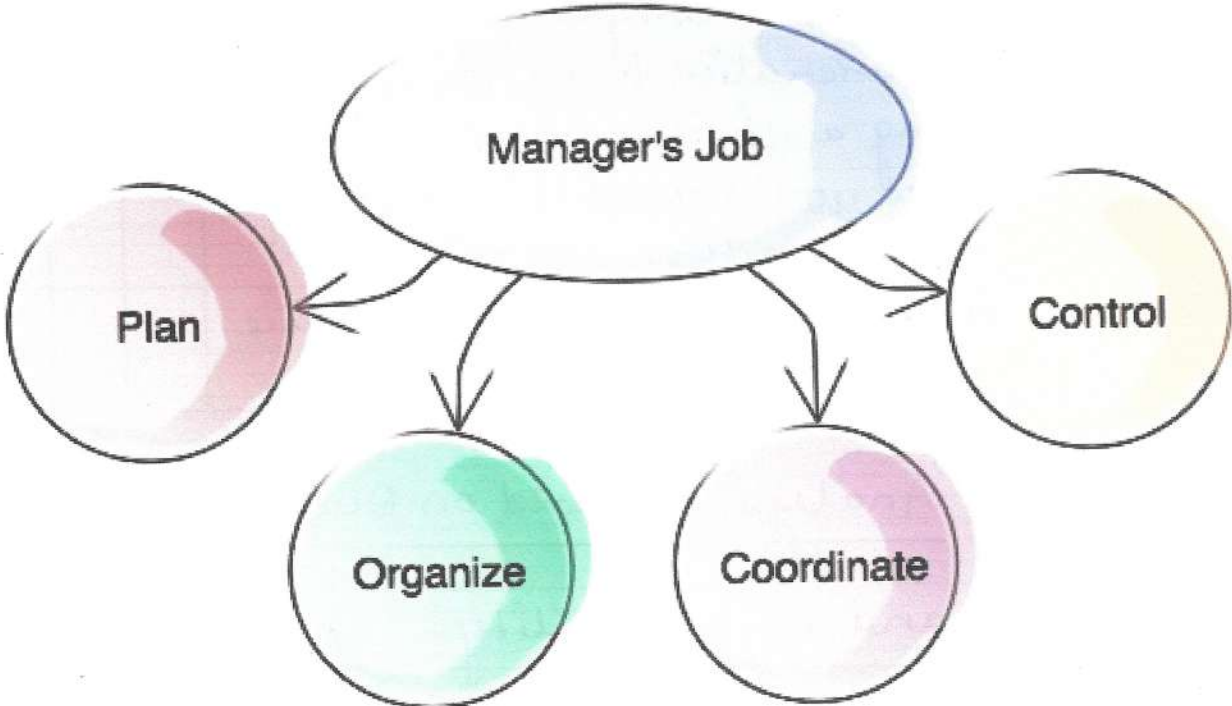
## Centralisation and Decentralisation



## Division of Work



# Manager's Job



## UNITY OF DIRECTION

### UNITY OF DIRECTION

- One head one plan
- Related activities should be grouped together
- Efforts of all the members of the organization should be directed towards common goal
- Without unity of direction, unity of action cannot be achieved.
- Unity of command is not possible without unity of direction.

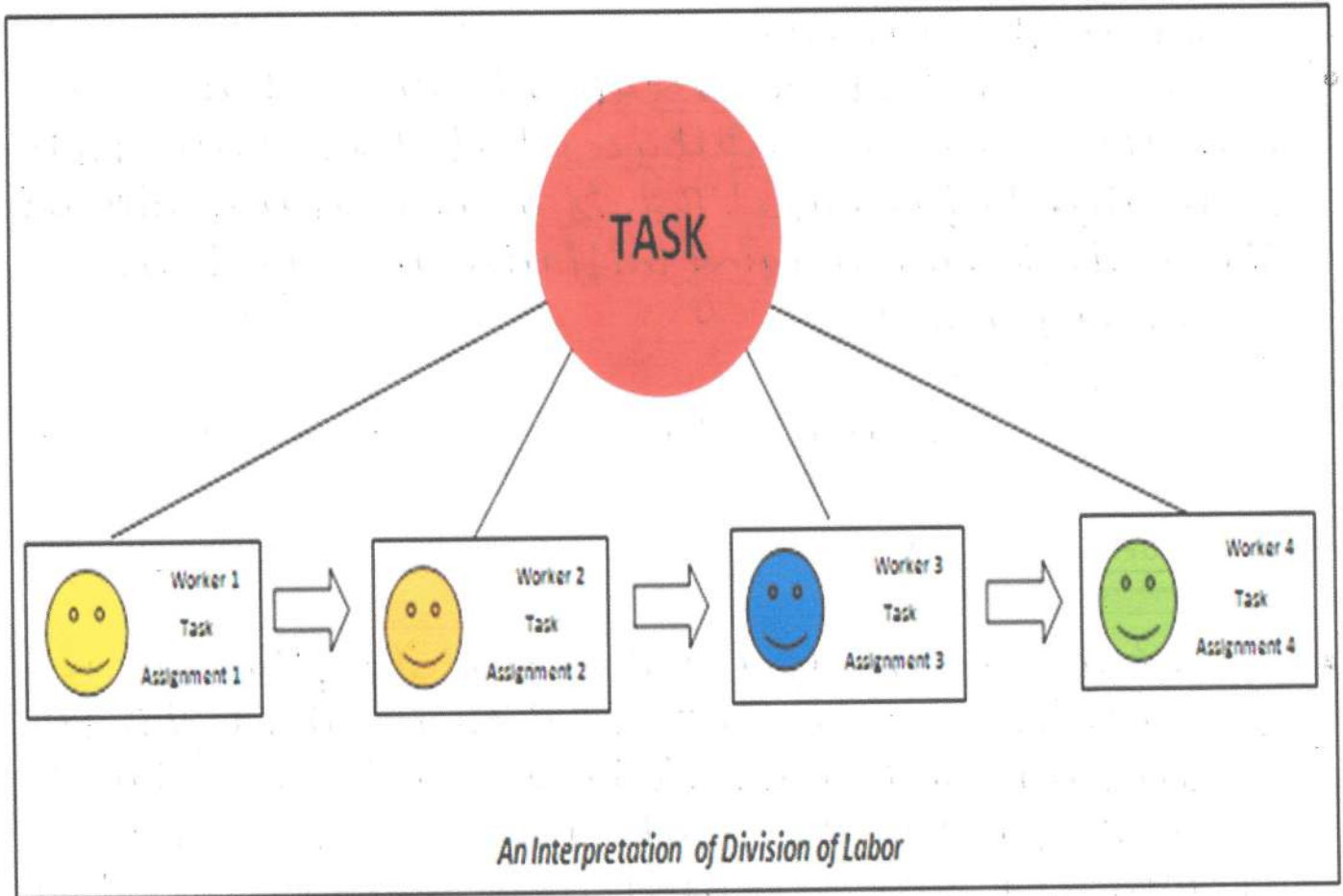


# DISCIPLINE

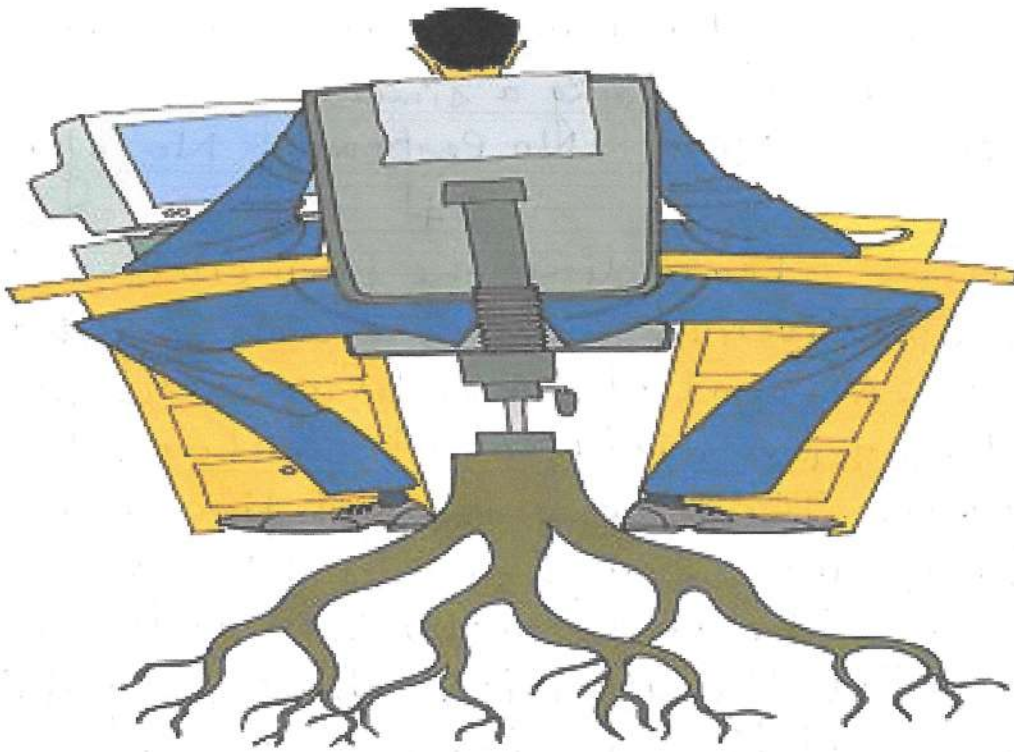




# DIVISION OF WORK



## STABILITY OF PERSONNEL



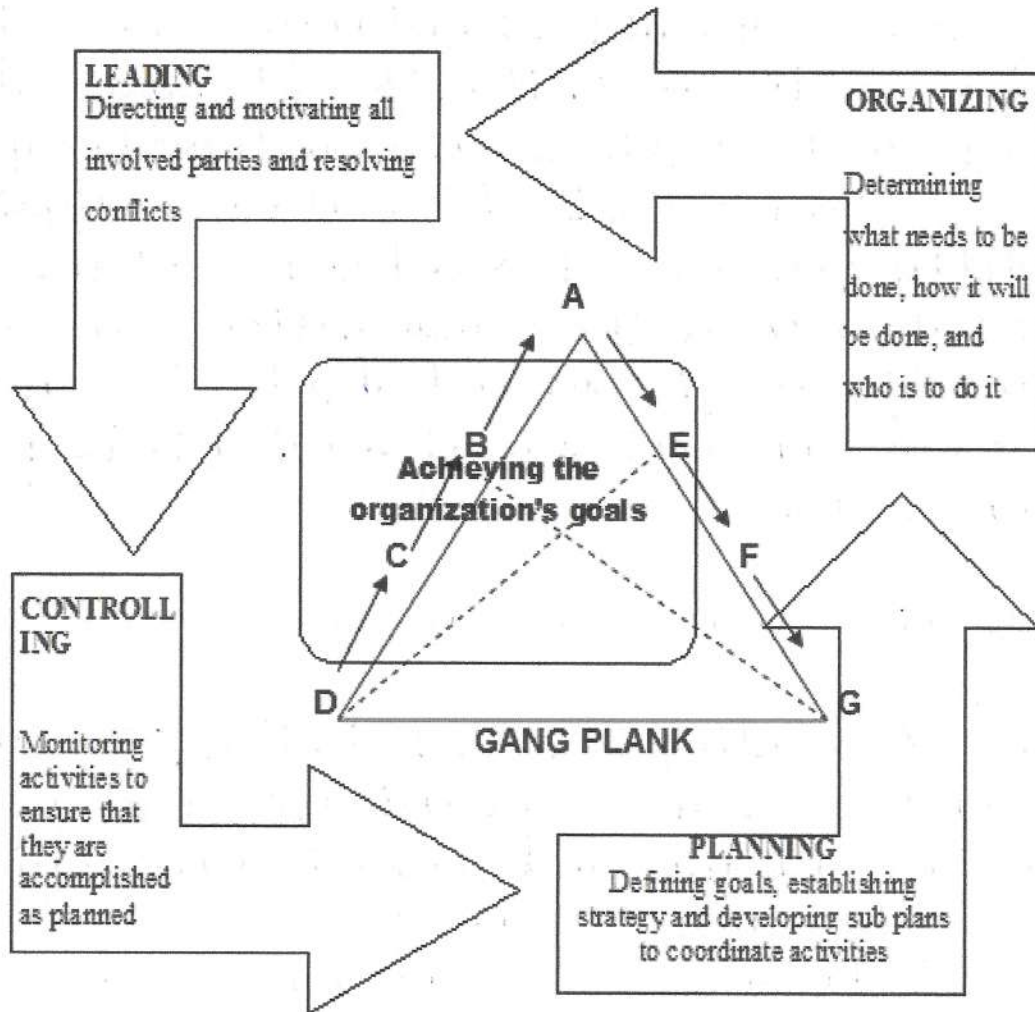
# EQUITY



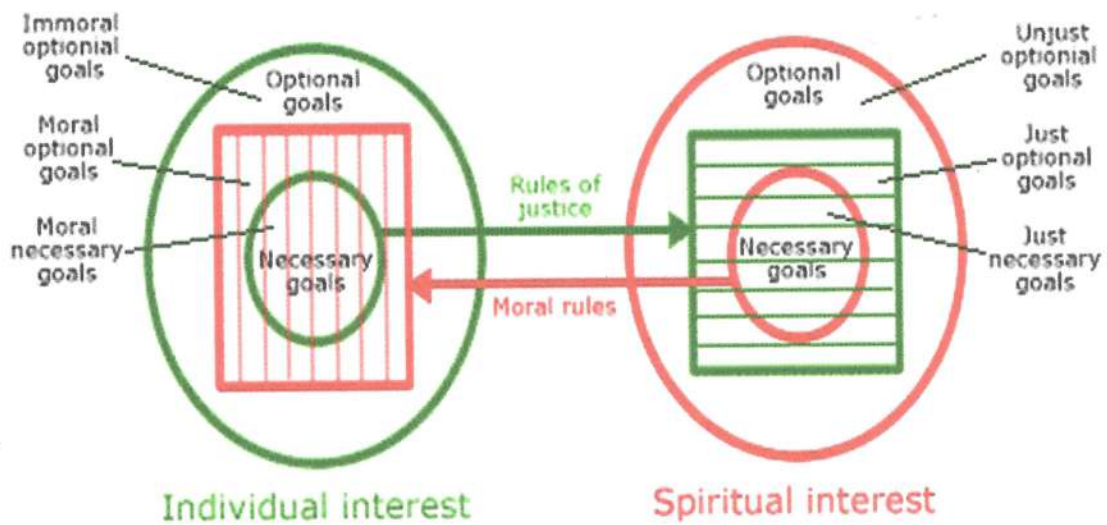
## ESPIRIT DE CORPS



# Gang Plank



## SYMMETRY OF INDIVIDUAL AND SPIRITUAL INTERESTS



The individual and spiritual animal both have both necessary and optional goals, but each must submit to limitations imposed by the necessary goals of the other in two ways, first, in the way it pursues its necessary goals and, second, in the optional goals that it can pursue at all.