Class 12 Business Studies Chapter 2: Principles of Management - Notes, Important Questions and MCQs (2026-27)

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These Class 12 Business Studies Chapter 2 notes cover “Principles of Management” from the NCERT textbook Principles and Functions of Management (2026-27): meaning, nature and significance of management principles, Henri Fayol’s 14 principles, F.W. Taylor’s scientific management principles and techniques, and a comparison of Fayol and Taylor – with tables, Q&A, 10 MCQs and a free PDF.

Use the table of contents below to jump to the part you need, or read top to bottom for a complete revision of the chapter.

Table of Contents

- Chapter Overview
- Important Topics and Concepts
- Fayol vs Taylor
- Unity of Command vs Unity of Direction
- Important Definitions and Terms
- Short Answer Questions
- Long Answer Questions
- MCQs with Answers
- Quick Revision Points
- Chapter Summary
- Exam Tips and PYQ Pattern
- Frequently Asked Questions
- Conclusion

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Chapter Overview

A principle of management is a broad and general guideline for decision-making and behaviour. Unlike the principles of pure science, management principles are flexible, deal with human behaviour and are evolved through experience and research.

Henri Fayol, the father of general management, gave 14 principles applicable to all managers. F.W. Taylor, the father of scientific management, focused on the shop floor and gave principles and techniques to raise productivity.

Important Topics and Concepts

Nature and Significance of Principles

- Nature: universal applicability, general guidelines, formed by practice and experimentation, flexible, mainly behavioural, cause-and-effect, contingent.
- Significance: useful insights into reality, optimum use of resources, scientific decisions, meeting changing environment, fulfilling social responsibility, management training and research.

Fayol’s Principles (1–7)

- Division of work: specialisation increases efficiency.
- Authority and responsibility: balance between the two.
- Discipline: obedience to rules and agreements.
- Unity of command: one boss for each employee.
- Unity of direction: one head and one plan for a group of activities with the same objective.
- Subordination of individual interest to general interest.
- Remuneration of employees: fair and just pay.

Fayol’s Principles (8–14)

- Centralisation and decentralisation: balance in decision-making authority.
- Scalar chain: formal line of authority; gang plank for quick communication at the same level.
- Order: a place for everything and everyone.
- Equity: fair and kind treatment.
- Stability of personnel: low labour turnover.
- Initiative: encourage employees to suggest ideas.
- Esprit de corps: team spirit; use “we” instead of “I”.

Taylor’s Scientific Management Principles

- Science, not rule of thumb: find the best way through study.
- Harmony, not discord: mental revolution in workers and management.
- Cooperation, not individualism.
- Development of each person to greatest efficiency and prosperity.

Techniques of Scientific Management

- Functional foremanship: 8 specialist foremen – 4 planning (route clerk, instruction card clerk, time and cost clerk, disciplinarian) and 4 production (speed boss, gang boss, repair boss, inspector).
- Standardisation and simplification of work.
- Method study, motion study, time study, fatigue study.
- Differential piece wage system: higher rate for efficient workers.

Fayol vs Taylor

Most-asked comparison.

Basis	Fayol	Taylor
Perspective	Top management	Shop floor (supervisory)
Unity of command	Followed strictly	Violated (functional foremanship)

Basis	Fayol	Taylor
Applicability	Universal	Specialised situations
Basis	Personal experience	Observation and experiments
Focus	General administration	Productivity
Known as	Father of general management	Father of scientific management

Unity of Command vs Unity of Direction

Basis	Unity of Command	Unity of Direction
Meaning	One boss for one subordinate	One head, one plan for similar activities
Aim	Prevent dual subordination	Prevent overlapping of activities
Implication	Efficient working of subordinates	Efficient working of organisation
Concerns	Individual employee	Entire organisation/department

Important Definitions and Terms

Term	Meaning
Principle of management	General guideline for decision-making
Unity of command	One subordinate, one superior
Scalar chain	Formal chain of authority
Gang plank	Direct communication between same-level employees
Esprit de corps	Team spirit
Mental revolution	Change in attitude of workers and management
Functional foremanship	Eight specialist supervisors
Time study	Determining standard time for a job
Fatigue study	Determining rest intervals
Differential piece wage	Higher wage rate for efficient workers

Short Answer Questions

Q1. What are principles of management?

Broad and general guidelines for managerial decision-making and behaviour.

Q2. Why are management principles flexible?

They can be modified according to the situation.

Q3. What is unity of command?

Each employee should receive orders from one superior only.

Q4. What is the gang plank?

A short-cut for direct communication between employees at the same level.

Team spirit and harmony among employees.

Q6. What is mental revolution?

A change in the attitude of workers and management towards cooperation.

Q7. Name the planning-in-charge foremen.

Route clerk, instruction card clerk, time and cost clerk, and disciplinarian.

Q8. What is the aim of fatigue study?

To determine the amount and frequency of rest intervals.

Long Answer Questions

Q1. Explain the nature of principles of management.

Universal applicability.

General guidelines.

Formed by practice and experimentation.

Flexible and behavioural.

Cause-and-effect and contingent.

Q2. Explain Taylor’s principles of scientific management.

Science, not rule of thumb.

Harmony, not discord – mental revolution.

Cooperation, not individualism.

Development of each worker.

Together raise productivity.

Q3. Explain any five principles of Fayol with examples.

Division of work – specialisation.

Unity of command – one boss.

Scalar chain with gang plank.

Equity – no discrimination.

Esprit de corps – team spirit.

MCQs with Answers

1. Father of scientific management(a) Fayol (b) Taylor (c) Drucker (d) KoontzAnswer: (b) Taylor

2. Functional foremanship violates(a) unity of direction (b) unity of command (c) order (d) equityAnswer: (b) unity of command

3. Number of Fayol’s principles(a) 10 (b) 12 (c) 14 (d) 16Answer: (c) 14

4. “A place for everything” is(a) order (b) discipline (c) equity (d) initiativeAnswer: (a) order

5. Team spirit is(a) equity (b) esprit de corps (c) stability (d) initiativeAnswer: (b) esprit de

6. Speed boss is a(a) planning foreman (b) production foreman (c) clerk (d) workerAnswer: (b) production foreman

7. Determining standard time is(a) motion study (b) time study (c) fatigue study (d) method studyAnswer: (b) time study

8. Management principles are(a) rigid (b) flexible (c) absolute (d) scientific lawsAnswer: (b) flexible

9. One head one plan is(a) unity of command (b) unity of direction (c) scalar chain (d) centralisationAnswer: (b) unity of direction

10. Gang plank relates to(a) scalar chain (b) order (c) discipline (d) remunerationAnswer: (a) scalar chain

Quick Revision Points

- Nature and significance of principles.
- Fayol 14 principles.
- Unity of command vs direction.
- Taylor’s four principles.
- Techniques: functional foremanship, studies, differential wage.
- Fayol vs Taylor.

Chapter Summary

Principles of management are flexible general guidelines evolved through experience. Fayol’s 14 principles – from division of work to esprit de corps – guide general administration, while unity of command and unity of direction ensure efficiency of individuals and organisations.

Taylor’s scientific management replaced rule of thumb with science, harmony and cooperation, using techniques like functional foremanship, standardisation, work studies and differential piece wages to raise productivity.

Exam Tips and PYQ Pattern

- Identify the principle violated in case studies.
- Learn Fayol vs Taylor table.
- Remember eight foremen in two groups.
- Distinguish unity of command and direction.
- Use examples for each principle.

Frequently Asked Questions

Is this chapter in the 2026-27 CBSE syllabus?

Yes. It is part of the NCERT Class 12 Business Studies Part I textbook “Principles and Functions of Management”, prescribed in the CBSE 2026-27 syllabus.

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What are Fayol’s 14 principles of management?

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 personnel, initiative and esprit de corps.

What is functional foremanship?

Taylor’s technique of using eight specialist foremen – four for planning and four for production.

Conclusion

Principles of Management is a case-study favourite. Learn the principles with examples and save the free PDF.

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Author Bio: Written and reviewed by the Nextoper Editorial Team, a group of CBSE business studies educators who build chapter notes directly from the NCERT textbook and past board paper patterns.

Freshness Note: These notes follow the NCERT Class 12 Business Studies textbook, Principles and Functions of Management (NCERT reprint 2026-27, rationalised syllabus), and the CBSE syllabus for the 2026-27 session. Last checked on 26 November 2026.