

HENRI FAYOL

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Introduction

Henri Fayol, French practitioner and theoretician, like Taylor, contributed significantly to the corpus of management concepts and is considered founder of the 'Management Process School'. Although scientific management was for long considered an American invention and rooted in the writings of Taylor, Fayol's writings, in fact, precede those of Taylor. It is no wonder that many historians of the European management thought consider Fayol as a pioneer of scientific management. It is a pity that, just as in the case of Weber, the importance of Fayol's ideas was discovered outside Europe only after the translation of his works into English. Henri Fayol's *Administration Industrielle et Generale* was first published in France in 1916, but it did not come to light in the English-speaking countries until its English translation published in 1949 under the title *General*

and Industrial Management. His work is considered a classic and a foundation in classical management theory. The book offers a theory and principles of management.

Life and Work

Henri Fayol was born in Konstantinopel, Istanbul, Turkey in 1841, where his father was working as an engineer. He was educated at the Lycee in Lyons (France) and thereafter at the National School of Mines - Ecole National Superieur des Mines in Saint-Etienne from where he graduated in 1860. Nineteen year old Fayol started his career as an engineer at the mining company Compagnie de Commentry-Fourchambeau-Decazeville. He worked as junior executive during 1860-1872, promoted as Manger in 1872 and Managing Director of the company in 1888; a post he held for about thirty years with distinction. Fayol retired as Managing Director in 1918, having spent his entire working life with the company, he remained Director of the company until his death in December 1925, at the age of eighty-four. Fayol's efforts as the Managing Director enabled the company to rise from a position of financial disaster to that of great financial success.

Fayol was a prolific writer on technical and scientific matters as well as management. Apart from ten publications on mining engineering and geology, he published as many books/papers on management. The most outstanding of his writings is his book *General and Industrial Management* first published in 1916. His paper on *The Theory of Administration of the State* presented to the Second International Congress of Administrative Sciences in 1923, is considered a major contribution to the theory of public administration.

Terminology - Administration and Management

There has been considerable disagreement and debate on the terminology used by translators of Fayol's works; particularly his *General and Industrial Management*. Fayol used the term administration in his classic *Administration and Industrielle et Generale*. But this was translated into management, creating confusion among scholars as well as disagreement. Lyndall Urwick and Brodie argued that the term should have been translated into English as 'administration'. Brodie says that if one has to go by Storrs translation, one cannot avoid the feeling that Fayol was mostly concerned with industrial management, which would be a mistake.

Administrative Theory: Universal

A widespread tendency in the English-speaking countries was to draw a distinction between management as an activity confined to conducting industrial or commercial undertakings, and public administration as the art of conducting governmental activities. To Fayol, the attempt to sub-divide the study of *Management or Administration* in accordance with the purpose of the activity is untenable. It can be presumed that his intention was to initiate a theoretical analysis appropriate to a wide range of organizations.

Fayol's ideas about managerial activity are presented in the context of his writings on industrial undertakings. The totality of activities of an industrial undertaking is divided into six groups viz.:

1. *Technical activities* - production, manufacture, adaptation: These are sometimes more conducive to the progress and goal attainment than other activities.

2. *Commercial activities* - buying, selling, and exchange: Knowledge of commercial activity is just as important as knowledge of efficient production. Commercial activity includes, together with acumen and decisions, a thorough knowledge of the market and of the strengths of the competitors, long-term foresight, the use of contracts and price regulation.
3. *Financial activities* - search for and optimum use of capital; Capital is a pre requisite for personnel, plant, raw material, expansion of the plant or machinery, reserves, etc. Proper financial management is necessary to obtain capital, to make optimum use of available funds for the success of the undertaking.
4. *Security activities* - protection of property and persons: It is necessary to safeguard the property and person's theft, fire and flood and all social disturbances including strikes.
5. *Accounting activities* - stock-taking, balance sheets, costs, and statistics: An efficient accounting system, providing an accurate idea of the organisation's financial condition, is a powerful managerial instrument.
6. *Managerial activities* - Fayol describes management as a function, a kind of activity. He is quite indifferent whether those exercising this activity are described as 'Managing Directors', or 'supervisors', or 'Clerks'. He is connected with the function, not with the status of those who exercise it. However, he is sensitive to the fact that those holding positions at higher level in the hierarchy would devote a larger proportion of their time to this function than employees at lower levels. Fayol classifies this key function into five main elements viz., planning, organisation, command, coordination and control.

Fayol says that irrespective of the nature of organization – big or small, simple or complex, non-industrial or non-profit making - the six activities are always present though the importance and significance of the first five activities may vary. He laments that management was not being taught and not part of curriculum. This was not because its importance was not recognized, but because of the absence of theory. He felt that without theory no teaching is possible. His General and Industrial Management is an attempt to fill this gap.

Elements of Management

Fayol identified, as we have seen earlier, five elements of management viz., planning, organisation, command, coordination and control which are discussed below.

Planning

Fayol used the French term *Prevoyance* which in French means to foresee, to anticipate and to make plans. Administration's chief manifestation and most effective instrument, to Fayol, is the plan of action. Planning enables the separation of the short-run events from the long-range considerations. It endows forethought to the operations of an organization. Fayol considers that experience is an asset in drawing a realistic plan. To him, unity, continuity, flexibility and precision are the broad features of a good plan of action.

Organisation

To organize an industrial firm or a government agency is to provide it with everything required for its functioning: raw materials, tools, capitals, personnel, etc. Fayol classifies these activities into two categories: the material organisation, and the human

organisation. The latter includes personnel, leadership and organisation structure. Every organisation has to perform the following managerial functions:

1. Ensure that the plan is judiciously prepared and strictly carried out;
2. See that the human and material organisation is consistent with the objectives, resources and requirements of the concern;
3. Set up a single, competent, energetic guiding authority;
4. Harmonize activities and coordinate efforts;
5. Formulate clear, distinct, precise decisions;
6. Arrange for efficient selection and appropriate placement of the employees;
7. Define duties clearly;
8. Motivate employees to show initiative and demonstrate responsibility;
9. Reward employees in a fair manner for services rendered;
10. Make use of sanctions against irregular and unethical conduct;
11. Provide for the maintenance of discipline;
12. Ensure that individual interests are subordinate to the general interest;
13. Pay special attention to unit of command;
14. Supervise both material and human organizations;
15. Provide for appropriate controls; and
16. Prevent excess of regulations, red tape and paper controls.

Command

The art of command, according to Fayol, rests on certain personal qualities and knowledge of the general principles of management. Its degree of proficiency differs from unit to unit. Fayol claims that the manager who has to command should:

1. have a thorough knowledge of his personnel;

2. eliminate the incompetent;
3. be well-versed in the arrangement binding the business and its employees;
4. set a good example;
5. conduct periodic audit of the organisation and use summary charts;
6. bring together his chief assistants by means of conferences, at which unit of direction and focusing of effort are provided for,;
7. not become engrossed in detail; and
8. aim at making unity, energy, initiative and loyalty prevail among the personnel.

Coordination

It consists of working together and 'harmonizing' all activities and efforts so as to facilitate the functioning of the organisation. Essentially, the objective of coordination is to ensure that one department's efforts are coincident with the efforts of other departments, and keeping all activities in perspective with regard to the overall aims of the organisation.

Control

Its objective is to obtain conformity with the plan adopted, the instruction issued and principles established. In the process, weakness and errors have to be rectified and their recurrence prevented. For control to be effective it must be done within a reasonable time and be followed up by sanctions. He uses the term control in the wider French sense of watch, monitor, check, audit and obtains feedback.

Attributes of Manager

Fayol suggests that Managers should have the following attributes:

1. *Physical* : health, vigour and appearance.

2. *Mental* : ability to understand and learn, judgment, mental vigour and adaptability.
3. *Moral* : firmness and willingness to accept responsibility.
4. *General Education* : general acquaintance with matters not belonging exclusively to functions performed
5. *Special Knowledge* : special knowledge of the functions being handled - be it technical, commercial, financial or managerial,
6. *Experience* : knowledge arising from the work proper.

Principles of Administration

Henry Fayol states that the principles of administration/management are not rigid. On the contrary, they must be capable of adaptation to various enterprises and settings. Fayol derives fourteen principles viz.:

1. *Division of work*: Specialisation of labour produces more and better work with the same effort.
2. *Authority and responsibility*: Authority should be commensurate with responsibility. In other words, the occupant of each position should be given enough authority to carry out all the responsibilities assigned to him.
3. *Discipline*: Obedience should be observed in accordance with the standing agreements between the firm and its employees.
4. *Unity of command*: For any action, an employee should have only one boss.
5. *Unity of direction*: One head and one plan for each activity.
6. *Subordination of individual interest to general interest*: The interest of one employee or group should not prevail over that of the total organisation.

7. *Remuneration of personnel*: The remuneration paid for services rendered should be fair and afford satisfaction to both personnel and the firm.
8. *Centralisation*: The degree of initiative left to managers varies depending upon top managers, subordinates and business conditions.
9. *Scalar chain (Hierarchy)*: The line of authority of superiors ranging from the ultimate authority to the lowest ranks.
10. *Order (Placement)*: Once the basic job structure has been devised and the personnel to fill the various slots have been selected, each employee occupies that job wherein he or she can render the most effective service.
11. *Equity*: For the personnel to be encouraged to fulfill their duties with devotion and loyalty there must be equity based on kindness and justice in employer-employee relations.
12. *Stability of tenure of personnel*: Suitable conditions should be created to minimize turnover of employees.
13. *Initiative*: The ability to think afresh would act as a powerful motivator of human behaviour.
14. *Esprit de corps*: Harmony, union among the personnel of an organisation is a source of great strength in the organisation.

Need for Administrative Training

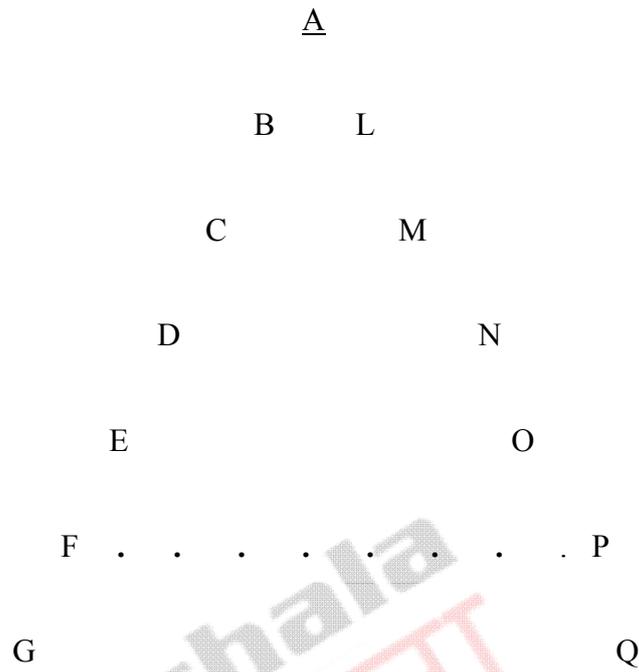
Fayol is a pioneer in suggesting the need for systematic training in administration. He criticizes civil engineering colleges in France for excluding administration from their syllabi. Fayol suggests that training is a continuous process, starting from the school and

covering in-service training of the employees within an organisation. He considers every superior officer in an organisation as a teacher to his immediate subordinates.

Gangplank

The Gangplank refers to the need for 'level jumping' in a hierarchical organisation. Although Fayol places emphasis on formal organisation, he is alive to the dangers of conformity to hierarchy and formalism. 'It is an error to depart needlessly from the line of authority, but it is even greater one to keep it when detriment to the business ensues', asserts Fayol. He illustrates the problem with reference to the figure given below.

If 'F' follows the principles of proper channel of communication, he has to send his message or file to 'P' through 'E', 'D' and so on, covering nine levels. It is, however, possible for 'F' to use 'gangplank' and avoid going through 'A' and all the other intervening layers as intermediaries. Recourse to 'gangplank' is possible only when the immediate superiors (in the case, 'E' and 'O') authorize such a relationship. Whenever a disagreement develops between 'F' and 'P', they must turn the matter to their superiors. While suggesting 'gangplank,' Fayol is rather cautious. He feels that it may be less relevant to Government agencies in which the lines of authority are less clear than in private organisations.



Gangplank

Summing Up

Fayol tried to design a rational system of organisation in which the fulfillment of the primary goal of the enterprise constitutes the basic objective. To him the enterprise justifies its existence only by meeting the primary goal of providing value in the form of goods or services to consumers. Attaining the objective permits the organisation to reward employees, managers, etc., for their contributions. Fayol was a pioneer of the concept of viewing management as being made up of functions. He provided a broad and inclusive perspective of the management and developed a framework, which stimulated

subsequent writers on management theory. One of the most important and interesting part of his conceptualization is that at the higher levels the proportion of technical knowledge diminishes, but administrative skill and knowledge are of great importance.

Model Questions

1. Discuss the Elements of Management as explained by Henri Fayol
2. Identify the Principles of Administration according to Fayol
3. Evaluate the contributions of Henri Fayol to the study and understanding of Management.

Further Readings

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