

# **An Elaboration of the Administrative Theory of the 14 Principles of Management by Henri Fayol**

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## **Abstract**

Fayolism was a theory of management that analyzed and synthesized the role of management in organizations, developed around 1900 by the French management theorist Henri Fayol (1841–1925). It was through Fayol's work as a philosopher of administration that he contributed most widely to the theory and practice of organizational management. Fayol developed theory of management. According to him managerial excellence is a technical ability and can be acquired. He developed theories and principles of management which are universally accepted and make him universalistic. He was pioneer of the formal education in management. Fayol's principles of management meet the requirements of modern management.

**Keywords:** 14 principles; Management; fayolism; administrative theory; today's impact; business.

## **1.Introduction**

Fayol was a classical management theorist, widely regarded as the father of modern operational-management theory. His ideas are a fundamental part of modern management concepts. While scientific development emphasized principles to improve worker effectiveness, another branch within the classical school arose, administrative management, with its main contributor being French industrialist Henri Fayol. He is regarded as the father of administrative management as he proposed fourteen principles of management intended to assist managers in determining what to do to manage an organization more effectively (Rodrigues, 2001). Fayol's ideas are still valid in today's organizations and his definitions of management are widely used in this field of study.

## **2. Henry Fayol's Principle of Management**

Following are the fourteen principles of management developed by the Henry Fayol

### **2.1. Division of Work**

According to Henry Fayol under division of work, "The worker always on the same post, the manager always concerned with the same matters, acquire an ability, sureness and accuracy which increases their output. In other words, division of work means specialization. According to this principle, a person is not capable of doing all types of work. Each job and work should be assigned to the specialist of his job. Division of work promotes efficiency because it permits an organizational member to work in a limited area reducing the scope of his responsibility. Fayol wanted the division of work not only at factory but at management levels also.

### **2.2. Authority and Responsibility**

Authority and responsibility go together or co-existing. Both authority and responsible are the two sides of a coin. In this way, if anybody is made responsible for any job, he should also have the concerned authority. Fayol's principle of management in this regard is that an efficient manager makes best possible use of his authority and does not escape from the responsibility. In other awards when the authority is exercised the responsibility. In other awards when the authority is exercised the responsibility is automatically generated.

### **2.3. Discipline**

According to Henry Fayol discipline means sincerity about the work and enterprise, carrying out orders and instructions of superiors and to have faith in the policies and programmes of the business enterprise, in other sense, discipline in terms of obedience, application, energy and respect to superior. However, Fayol does not advocate warming, fines, suspension and dismissals of worker for maintaining discipline. These punishments

are rarely awarded. A well-disciplined working force is essential for improving the quality and quantity of the production.

#### 2.4. Unity of Command

A subordinate should take order from only one boss and he should be responsible and accountable to him. Further he claimed that if the unit of command is violated, authority is undermined, discipline in danger, order disturbed and stability threatened. The violation of this principle will face some serious consequences. In this way, the principle of unity of command provides the enterprise disciplined, stable and orderly existence. It creates harmonious relationship between officers and subordinates, congenial atmosphere of work. It is one of the Fayol's important essential principle of management.

#### 2.5. Unity of direction

Fayol advocates "One head and one plan" which means that group efforts on a particular plan be led and directed by a single person. This enables effective co-ordination of individual efforts and energy. This fulfils the principles of unity of command and brings uniformity in the work of same nature. In this way, the principle of direction create dedication to purpose and loyalty. It emphasizes the attainment of common goal under one head.

#### 2.6. Subordination of individual interests to general interests

The interest of the business enterprise ought to come before the interests of the individual workers. In other words, principle of management state that employees should surrender their personal interest before the general interest of the enterprise. Sometimes the employees' due to this ignorance, selfishness, laziness, carelessness and emotional pleasure overlook the interest of the organisation. This attitude proves to be very harmful to the enterprise.

#### 2.7. Fair Remuneration to employees

According to Fayol wage-rates and method of their payment should be fair, proper and satisfactory. Both employees and ex-employers should agree to it. Logical and appropriate wage-rate and methods of their payment reduces tension and differences between workers and management, create harmonious relationship and a pleasing atmosphere of work. Further Fayol recommends that residential facilities be provided including arrangement of electricity, water and facilities.

#### 2.8. Centralization and Decentralization

There should be one central point in the organization which exercises overall direction and control of all the parts. But the degree of centralization of authority should vary according to the needs of situation. According to Fayol there should be centralization in small units and proper decentralization in big organization. Further, Fayol does not favor centralization or decentralization of authorities but suggests that these should be proper and effective adjustment between centralization and decentralization in order to achieve maximum objectives of the business. The choice between centralization and decentralization be made after taking into consideration the nature of work and the efficiency, experience and decision-making capacity of the executives.

### 2.9. Scalar chain

The scalar chain is a chain of supervisors from the highest to the lowest rank. It should be short-circuited. An employee should feel the necessity to contact his superior through the scalar chain. The authority and responsibility are communicated through this scalar chain. Fayol defines scalar chain as “the chain of superiors ranging from the ultimate authority to the lowest rank.” The flow of information between management and workers is a must. Business opportunities must be immediately avoided of. so, we must make direct contact with the concerned employee. Business problems need immediate solution, so we cannot always depend on the established scalar chain. It requires that direct contact should be established.

### 2.10. Order

According to Fayol there should be proper, systematic and orderly arrangement of physical and social factors, such as land, raw materials, tools and equipment and employees respectively. As per view, there should be safe, appropriate and specific place for every article and every place to be used effectively for a particular activity and commodity. In other words, principles that every piece of land and every article should be used properly, economically and in the best possible way. Selection and appointment of the most suitable person to every job. There should be specific place for every one and every one should have specific place. This principle also stresses scientific selection and appointment of employees on every job.

### 2.11. Equity

The principle of equality should be followed and applicable at every level of management. There should not be any discrimination as regards caste, sex and religion. An effective management always accords sympathetic and human treatment. The management should be kind, honest and impartial with the employees. In other words, kindness and justice should be exercised by management in dealing with their subordinates. This will create loyalty and devotion among the employees. Thus, workers should be treated at par at every level.

## 2.12. Stability of use of personnel

Principle of stability is linked with long tenure of personnel in the organization. This means production being a team work, an efficient management always builds a team of good workers. If the members of the team go on changing the entire process of production will be disturbed. It is always in the interest of the enterprise that its trusted, experienced and trained employees do not leave the organization. Stability of job creates a sense of belongingness among workers who with this feeling are encouraged to improve the quality and quantity of work.

## 2.13. Initiative

Under this principle, the successful management provides an opportunity to its employees to suggest their new ideas, experiences and more convenient methods of work. The employees, who has been working on the specific job since long discover now, better alternative approach and technique of work. It will be more useful, if initiative to do so is provided to employees. In simple, to ensure success, plans should be well formulated before they are implemented.

## 2.14. Spirit of Co-operation (Spirit de crops)

In order to achieve the best possible results, individual and group effort are to be effectively integrated and coordinated. Production is a team work for which the whole-hearted support and co-operation of the members at all levels is required. Everyone should sacrifice his personal interest and contribute his best energies to achieve the best results. it refers to the spirit of loyalty, faithfulness on the part of the members of the group which can be achieved by strong motivating recognition and importance of the members for their valuable contribution, effective coordination, informal mutual social relationship between members of the group and positive and constructive approach of the management towards workers' welfare.

## ***3.Fayol's Elements (or functions) of Management***

Within his theory, Fayol outlined five elements of management that depict the kinds of behaviors managers should engage in so that the goals and objectives of an organization are effectively met. The five elements of management are:

### 3.1. Planning

creating a plan of action for the future, determining the stages of the plan and the technology necessary to implement it. Deciding in advance what to do, how to do it, when to do it, and who should do it. It maps the path from where the organization is to where it wants to be. The planning function involves establishing

goals and arranging them in a logical order. Administrators engage in both short-range and long-range planning.

### 3.2. Organizing

Once a plan of action is designed, managers need to provide everything necessary to carry it out; including raw materials, tools, capital and human resources. Identifying responsibilities, grouping them into departments or divisions, and specifying organizational relationships.

### 3.3. Command

Managers need to implement the plan. They must have an understanding of the strengths and weaknesses of their personnel. Leading people in a manner that achieves the goals of the organization requires proper allocation of resources and an effective support system. Directing requires exceptional interpersonal skills and the ability to motivate people. One of the crucial issues in directing is the correct balance between staff needs and production.

### 3.4. Coordination

High-level managers must work to "harmonize" all the activities to facilitate organizational success. Communication is the prime coordinating mechanism. Synchronizes the elements of the organization and must take into account delegation of authority and responsibility and span of control within units.

### 3.5. Control

The final element of management involves the comparison of the activities of the personnel to the plan of action, it is the evaluation component of management. Monitoring function that evaluates quality in all areas and detects potential or actual deviations from the organization's plan, ensuring high-quality performance and satisfactory results while maintaining an orderly and problem-free environment. Controlling includes information management, measurement of performance, and institution of corrective actions.

## 4. *Administrative Theory in the Modern Workplace*

Fayol believed that managerial practices were key to predictability and efficiency in organizations. The Administrative theory views communication as a necessary ingredient to successful management and many of Fayol's practices are still alive in today's workplace. <sup>[1]</sup> The elements and principles of management can be found in modern organizations in several ways: as accepted practices in some industries, as revamped versions of the original principles or elements, or as remnants of the organization's history to which alternative practices and philosophies are being offered. The U.S. military is a prime example of an organization that has continued to use these principles.

### 5. Comparisons with Taylor's Scientific Management

Fayol is often compared to Frederick Winslow Taylor, who developed scientific management. However, Fayol differed from Taylor in his focus and developed his ideas independently. Taylor was concerned with task time and improving worker efficiency, while Fayol was concerned with management and the human and behavioural factors in management.

Another major difference between Taylor and Fayol's theories is that Taylor viewed management improvements as happening from the bottom up, or starting with the most elemental units of activity and making individual workers more efficient. In contrast, Fayol emphasized a more top-down perspective that was focused on educating management on improving processes first and then moving to workers. Fayol believed that by focusing on managerial practices organizations could minimize misunderstandings and increase efficiency. However, Fayol differed from Taylor in his focus. Taylor's main focus was on the task, whereas Fayol was more concerned with management. Another difference between the two theorists is their treatment of workers. Fayol appears to have slightly more respect for the worker than Taylor had, as evidenced by Fayol's proclamation that workers may indeed be motivated by more than just money. Fayol also argued for equity in the treatment of workers.

According to Claude George (1968), a primary difference between Fayol and Taylor was that Taylor viewed management processes from the bottom up, while Fayol viewed it from the top down. In Fayol's book *General and Industrial Management*, Fayol wrote that

Taylor's approach differs from the one we have outlined in that he examines the firm from the bottom up. He starts with the most elemental units of activity—the workers' actions—then studies the effects of their actions on productivity, devises new methods for making them more efficient, and applies what he learns at lower levels to the hierarchy...

—Fayol, 1987, p. 43

He suggests that Taylor has staff analysts and advisors working with individuals at lower levels of the organization to identify the ways to improve efficiency. According to Fayol, the approach results in a "negation of the principle of unity of command". Fayol criticized Taylor's functional management in this way.

... the most marked outward characteristics of functional management lies in the fact that each workman, instead of coming in direct contact with the management at one point only, ... receives his daily orders and help from eight different bosses... [3]

Those eight, Fayol said, were

1. route clerks,
2. instruction card men
3. cost and time clerks
4. gang bosses
5. speed bosses
6. inspectors
7. repair bosses, and the
8. shop disciplinarian

This, he said, was an unworkable situation, and that Taylor must have somehow reconciled the dichotomy in some way not described in Taylor's works.

Fayol's desire for teaching a generalized theory of management stemmed from the belief that each individual of an organization at one point or another takes on duties that involve managerial decisions. Unlike Taylor, however, who believed management activity was the exclusive duty of an organizations dominant class. Fayol's approach was more in sync with his idea of Authority, which stated, "...that the right to give orders should not be considered without the acceptance and understanding of responsibility."

Noted as one of the early fathers of the *Human Relations* movements, Fayol expressed ideas and practices different from Taylor, in that they showed flexibility and adaptation, and stressed the importance of interpersonal interaction among employees.

#### 6. Criticism of Administrative Management Theory

Henri Fayol's management principles and functions are used even today for managing the organisations.

However, his Administrative Management Theory is criticised on the following grounds: -

1. Management Oriented Theory: The administrative management theory is management oriented. It does not give much attention to the problems of the workers.
2. Lack of Importance to Informal Organisation: The administrative management theory does not give any importance to informal organisation or groups. It gives importance only to the formal organisation structure.

3. **Concepts Borrowed from Military Science:** Some of the concepts of administrative management theory were borrowed from military science. They tried to apply these concepts to the social and business organizations. For e.g. Henri Fayol gave importance to "commanding" and not "directing" the workers.
4. **Mechanical Approach:** The administrative management theory has a mechanical approach. It does not deal with some of the important aspects of management such as motivation, communication and leading.

#### Advantages of Fayol's theories and contributions

- Fayol was the first person to actually give a definition of management which is generally familiar today namely 'forecast and plan, to organise, to command, to co-ordinate and to control'.
- Fayol also gave much of the basic terminology and concepts, which would be elaborated upon by future researchers, such as division of labour, scalar chain, unity of command and centralization.

#### Disadvantages

- Fayol was describing the structure of formal organizations.
- Absence of attention to issues such as individual versus general interest, remuneration and equity suggest that Fayol saw the employer as paternalistic and by definition working in the employee's interest.
- Fayol does mention the issues relating to the sensitivity of a patient's needs, such as initiative and 'esprit de corps', he saw them as issues in the context of rational organizational structure and not in terms of adapting structures and changing people's behavior to achieve the best fit between the organization and its customers.
- Many of these principles have been absorbed into modern day organizations, but they were not designed to cope with conditions of rapid change and issues of employee participation in the decision-making process of organizations, such as are current today in the early 21st century.

### **7. Evaluation**

Fayol's five principle roles of management are still actively practiced today. The author has found "Plan, Organize, Command, Co-ordinate and Control" written on one than one manager's whiteboard during his career. The concept of giving appropriate authority with responsibility is also widely commented on (if not

well practiced.) Unfortunately, his principles of "unity of command" and "unity of direction" are consistently violated in "matrix management" the structure of choice for many of today's companies.

- Today, employees are much oriented towards challenging and interesting jobs. Though the division of work help employees to specialize specific skills, they seek more challenging opportunity once they expertise on their skills. Also, companies have downsized their staff with people who are multitasking and have the quest to explore beyond their area of expertise. This has helped organizations to stay competitive with best of the employees in the field.
- Though Managers are authorized and majorly responsible for a project commencement and its completion, companies rely heavily on employee participation and empowerment for the best outcome.
- Matrix organizational structures have ruled over unidirectional layout of organization. Every department in an organization are heavily depended on each other and this brings together employees and managers from different departments to work toward accomplishing organizational goals.
- Many of the private organization now practice reward based on performance - referred as performance-based pay systems. This has motivated employees to bring out the best of their capabilities and potential.
- Hierarchical decision making is vanishing in present industries. It has been observed that maximum creativity can be obtained with reduction of hierarchical elements and adapting cooperate culture. Industries now focus on less hierarchical, less formalized and flatter decision-making organization structure.
- Commitment of an employee is achieved if the organization strongly considers the interest of the employee. In past employees strived for equity, today organizations provide 'sense of ownership' to their committed employees.
- Stability of personnel tenure doesn't hold much significance in present organization. Downsizing strategies has flattened many middle management positions and enriched lower-level employee's job. This has helped in cost cutting and maintaining committed group of employees.
- The Global recession which struck 2008-2012, ILO [International Labour Organization] predicted that at least 20 million jobs were lost by the end of 2009- mainly in construction, real estate, financial services, and the auto. This huge figure sets an example of the instability of personnel tenure today

and that it depends on many factors of which global economic influence on the organization is one such reason.

- Maintaining Esprit de corps is not practical in today's world. Organizations these days hire more and more of temporary and project contractual basis. Moreover, downsizing strategies and prospects of staff cuts has tended to lower the employee morale.
- Fayol was the first to define management which is generally familiar today as 'forecast and plan, to organise, to command, to co-ordinate and to control'. Fayol also gave much of the basic terminology and concepts, which would be elaborated upon by future researchers, such as division of labour, scalar chain, unity of command and centralization.
- Many of these principles have been absorbed into modern day organisations, but they were not designed to cope with conditions of rapid change and issues of employee participation in the decision-making process of organisations, such as are current today in the early 21st century.

## **8. Conclusion**

Henri Fayol was important for two reasons: first, because he placed management centre stage; second, because he pondered the question of how best a company could be organised. He was also one of the earliest people to write and lecture on management issues, and indeed is sometimes referred to as the first management thinker.

It is clear that modern organizations are strongly influenced by the theories of Taylor, Mayo, Weber and Fayol. Their precepts have become such a strong part of modern management that it is difficult to believe that these concepts were original and new at some point in history. The modern idea that these concepts are "common sense" is strong tribute to these founders.

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