

# Fayolism application essay



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Fayolism is one of the earliest comprehensive statements of a general theory of management.

Proposed by Henry Fayol in 1916, his 14 administrative principles are still essentially accepted as the principles and activities of managers today (History of management thought by Claude S. George, Jr. Pg 110 1972) In this essay, I will examine how Fletcher Construction, a leading New Zealand building company strategically applied four of Fayol's managerial principles (division of labour, unity of command, unity of direction, Stability of Tenure of Personnel, and scalar chain). Fletcher Construction has been constantly improving its management structure, and is currently employing more than 11, 000 people in a wide range of business located around the world, bringing in 484 million \$NZ of profit in 2007 (Financial Profile).

To examine how Fayolism contributed to the company's success, I will first examine how the principle of Division of Work was applied during the construction of Sky Tower, I will then examine how Fletcher Constructions defined a clear career path for employees to ensure the Stability of Tenure of Personnel, and lastly, I will discuss how the principle of unity of command, and unity of direction was applied strategically in the company's management structure. Unity of direction meant " one head and one plan for a group of activities having the same objective. (History of management thought/ Daniel A. Wren. 2005 pg216) The principle is often used when grouping activities and employees into departments, and the more an organization structure reflects the tasks or activities necessary to gain goals and assists in their coordination, the more effective and efficient an organization structure will be.

(Henri Fayol, General and Industrial Administration New York: Pitman Publishing Corporation, 1949, pg20) For a large-scale company like Fletcher Construction, it is essential to group activities and employees into different departments. Without this, the organisation cannot effectively expand: The managerial job would become intolerably complex, and the span of management would limit top manager's ability to increase the number of immediate subordinate managers. Fletcher Construction applied the principle of unity of direction by dividing its company to four separate departments: Building, Engineering, Interiors and South Pacific. This strategy of grouping of activities on the basis of product or product lines has long been growing in importance in multiline large-scale enterprises (KOONTS 1972 pg275).