

Henri fayol management principals through experience flashcard



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While the subject of management has proven a popular topic, especially during the last 25 years, the subject is certainly not exclusive to latter part of the 20th century (Donkin, 1998). Henri Fayol, a turn-of-the-century French mining engineer and eventual management executive is often credited with becoming one of the first to develop and write about the now popular topic. “Dubbed the father of modern operational-management theory” (Long, 1997, p. 1), Fayol’s ideas and theories on management are founded in his practical 49 years of experience working in the mining and steel industry. However, Fayol was quick to point out that his theories were not confined to his particular industry: “Fayol saw his management principles, including control, as applicable to industry, government and all forms of human organization” (Parker & Louis, 1995, p. 223). As Fayol himself notes, “There is not one doctrine of administration for industry and another for state enterprises; there is only one doctrine.

The general principles and rules that are valuable in industry are equally valuable in the state and vice-versa” (as cited in Breeze, 1995, p. 45).

Despite the fact that “Most principles of management textbooks acknowledge Fayol as the father of the first theory of administration” (Carter, 1986, p. 454), Fayol’s early development of management theory is only one reason for his importance in the field of leadership; a second yet somewhat lesser claim to fame lies in the fact that he was also an early proponent of management education (Breeze, 1995; Fells, 2000, Gulick, 1937).

Although the movement from the more classical models of control to ideas founded in the human relations and systems schools of thought, the ongoing debate continues as to whether or not Fayol’s work holds relevant today.

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Included in this debate are his theories and ideas in the field of management, which holds significance for students of management today if for nothing else but their historical value. As Wren notes, “Fayol gave us a starting point, a framework for us to teach, study, and refine...” (Wren, 1990, p. 140). Background Family

Henri Fayol (1841-1925), son of French parents Andre and Eugenie Fayol, was born in Constantinople, Turkey on July 29, 1841, where his father was temporarily posted on military assignment. The son of an architectural engineer (Sasaki, 1995) of modest means (Breeze, 1985), Fayol “was educated in a missionary school in La Voulte, France. He is believed to have been greatly influenced in his character development by this education” (Sasaki, 1995, p. 14). Fayol next attended school at the Lycee at Lyon in preparation for his attendance at the National School of Mines at St.

Etienne, “where he graduated as a qualified mining engineer” (Breeze, 1985, p. 45). In 1875, Fayol married Adelaide Celeste Marie Saule; the couple had three children, Marie, Madeleine, and Henri Joseph. Although the family tree had modest beginnings, Fayol’s family included a variety of influential people through birth and marriage within and outside the mining industry, including several graduates of the Saint-Etienne Mining School (Sasaki, 1995). French Society and Industry The late nineteenth and early twentieth century was the period of dawning for all things scientific.

Scientific theory was prevalent in everything from medicine to management; urban planning to education; simply stated, the scientific method was the answer for every problem. Through this time period, Henri Fayol’s life was

shaped by the influences of the time. Much of Fayol's work in management has its basis in the scientific method of observation, examination, and implementation. Changes in France were equally fluid, beginning with the separation of church and state in France's educational system.

Likewise, French industry during this time was in a state of flux. A strong state was giving way to strong industry. Mergers and acquisitions began to span geographical regions, leading to industrial giants within specific industries. These powerful industries led to the formation of trade unions, which were becoming more and more influential. And yet, while the rate of earnings for companies was slowing, the cost of living had remained relatively constant, leading to a moderate level of economic prosperity.

Fayol believed that while the industrial, political, and social tides were changing, a strong administrative regime was necessary to provide stability. At the same time Fayol believed that "many of the authoritarian elements of nineteenth-century industrial paternalism" (Reid, 1995) were no longer necessary with the rise of unionism. Putting his thoughts into action in accordance with his beliefs as well as in accordance with the changes in the power bases, Fayol promoted policies that were worker-friendly.

Despite the fact that during this period the concept of the "company controlled town," prevailed and was heavily entrenched in the French mining industry, Fayol implemented changes in policy by which his company would no longer monitor church attendance or set up "company stores" where existing businesses were already established to serve the needs of the local population (Reid, 1995). Small changes like these were a major departure

from business control of every aspect of employee life, both professional and private.

Work History Henri Fayol began his professional career as a mining engineer at the Commentry Mine of Boigues Rambourg and Company in 1860 at the age of 19 years old. At the time of his employment, “the most urgent managerial problem for the Commentry Mine was the mine fires and subsidence of the ground at the Commentry and Motivicq Pits” (Sasaki, 1995, p. 16). As an engineer, one of Fayol’s responsibilities was in dealing with the problem of these fires.

In fact, according to Henri’s son, Henri Junior (as cited in Breeze, 1985), the elder Fayol’s first assignment was dealing with fires in the mines. Fayol’s technical expertise as well as his scientific method of observation and experimentation led to marked advancement and improvements in the field of firefighting within the mines, making it possible to begin to prevent and eventually reclaim the mines from such fires. A technically competent engineer, Fayol’s interests and expertise were not limited to the area of fire control and suppression. In addition to this important work on fires and fire prevention, he published studies of the design of mine shafts and safety at the workplace, on rock formations and their movements that affected production, and on the geological structure of the entire Commentry region” (Breeze, 1985, p. 43). By a combination of Fayol’s success in his work as well as in other technical areas of mineral engineering, and the sudden death of the prior manager, six years after his first bout with mine fires Fayol was promoted to manager of the mine in 1866.

In 1888, Fayol was promoted to the position of managing director of the Society de Commentry-Forchambault, the entity that managed the conglomeration of mines of which Fayol's Commentry mine was a part. While it is unknown as to why Fayol was offered this opportunity, the task given to him as managing director was clear: "conduct a study of the operation in anticipation of selling of the remaining assets and liquidating the company" (Breeze, 1985, p. 46) which was near bankruptcy. As a young engineer and mine manager, [Fayol] kept a diary and recorded the experiences that he would later collect and condense for his colleagues. These were the foundations of his administrative theory" (Wren, Bedeian, & Breeze, 2002, p. 917), which he now began to implement on a company-wide basis. Fayol's study led to a proposal to bring profitability back to the company rather than sell it off, based on those principles of management he had observed and formulated during his years at Commentry.

The board agreed, and not only was profitability restored, but expansion was undertaken, leading to the successful turn-around of company fortunes. Fayol credits the turnaround to the application of his management principles: "With the same [coal] mines, the same [steel] mills, the same financial resources, the same markets, the same Board of Directors and the same personnel, solely with the application of a new way of running the company, the firm experienced a rise [in its performance] comparable to its earlier decline" (as cited in Wren, 2001, p. 75). However, others (Wren, 2001; Breeze, 1985) cite a shift in economic trends as well as Fayol's overall knowledge of mining and general business sense in directing the reversal of fortunes of the Society de Commentry-Forchambault. For example, Wren

(2001) notes that Fayol was able to acquire other mines and plants, made changes in and placed greater emphasis on purchasing and selling practices, and delegated research in metallurgy to those more adept leading to advances in the technical aspect of the industry.

Upon his retirement from the mining industry, Fayol spent the remainder of his life “promoting his theory of administration” (Fells, 2000, p. 345). This “promoting” included several studies of management in the public service sector, including a study in 1919-1920 of the French Postal Service, as well as a study of the tobacco and match monopoly. In both instances, Fayol promoted the implementation of management practices that he had developed during his tenure in the iron and steel industry.

Unfortunately, “Fayol was almost completely insensitive to the political realities of actually introducing significant changes into public sector operations and was, therefore, extremely frustrated in his attempts to promote and provoke positive changes, at least during his lifetime” (Breeze, 1995, p. 40). Principles of Management Henri Fayol’s years of experience as first a mining engineer and later in management as a mine director and what would be considered the CEO of an iron and steel conglomerate in today’s terms, provided Fayol a wealth of knowledge in the management arena, leading to the development of his theories and ideas of management. Fayol’s ideas and theories can be broken down into four separate parts: 1. Definition of Management 2. Management Processes 3. Principles of Management 4. Management Tools Definition of Management Fayol (1949) presents six activities that encompass his definition of management:

- Technical activities: Activities that relate production and manufacturing, as <https://assignbuster.com/henri-fayol-management-principals-through-experience-flashcard/>

well as adaptation to a particular situation. Fayol notes that, “ Nevertheless, the technical function is not always the most important.

Even in industrial undertakings there are circumstances where some one of the other functions may exercise a much greater influence” (Fayol, 1949, p. 3). •Commercial activities: The buying of raw materials (New Straits Times, 1998) as well as the selling of products, including issues of pricing. •Financial activities: Acquiring and use of capital. Fayol notes that “ Nothing is done without this function entering into it” (Fayol, 1949, p. 4). •Security Activities: Safeguarding property and employees from harm or loss. Accounting activities: Keeping an up-to-date, current financial record of the company’s assets, as well as being able to forecast future trends; “ Stock taking, balance sheet, costs, and statistics” (Crainer, 1998, p. 102). •Managerial activities: Given separate discussion from Fayol. Management Process Management activities, according to Fayol, were then broken down into five processes: •To forecast and plan: Examining the future and drawing up the plan of action as to how the organization would arrive at the desired outcome, including steps and methods it would take to achieve that outcome (Wren, 2001).

To organize: Building up the structure, material and human, of the undertaking. •To command: Maintaining activity directed at acheiving the goals of the organization by the personnel. Fayol included “ selection, evaluation, and training” of personnel as essential components of command (Wren, 2001). •To coordinate: Binding together, unifying and harmonizing all activity and effort toward the end goals of the company. •To control: Seeing that everything occurs in conformity with established rules and expressed
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command. Principles of Management Fayol (1949, p. 9) purported that, “ The soundness and good working order of the body corporate body depend on a certain number of conditions termed indiscriminately principles...” While Fayol listed 14 such principals, he was quick to admit that the list was certainly not rigid, and could be expanded or diminished depending on the circumstances. Fayol’s principals included:

- Division of work: Creating a specialization among workers so that individual and groups of employees could focus their attention on a limited number of tasks, thereby creating an expertise.

This in turn produces efficiency and productivity. Fayol was quick to point out that, “[Yet] division of work has its limits which experience and a sense of proportion teach us may not be exceeded” (Fayol, 1949, p. 20).

- Authority: The right to issue commands and expect compliance, which is coupled with responsibility. “ When authority is exercised, the managers must assume responsibility (New Straits Times, 1998). The greater the authority given, the greater the responsibility” must be. Fayol breaks authority into deriving from two sources; positional and personal.

Discipline: A two sided issue; employees must be willing to follow the rules and orders of their superiors, and at the same time, those superiors must be good leaders with clearly defined agreements on rules, behaviors, and practices, as well as judiciously applied sanctions and penalties. When there is a breakdown of the two, discipline becomes lacking. Wren points out that “ Whatever the value of these rules might be, their effectiveness and discipline itself will always depend on much tact, much skill and the conduct of the leaders” 2002, p.

914). •Unity of command: An employee should receive orders from only one supervisor.

Here, the proverb “ No one can serve two masters at the same time” comes into play. According to Fayol, violating this principle leads to “ confusion and despondency amongst the employees and conflict between supervisors and their superiors” (as cited in Wren, Bedeian, & Breeze, 2002). •Unity of direction: All employees in an organization should be working toward same objectives, directed by one manager and one plan. Moving the entire organization, with a well-defined purpose, provides for coordination of activities that compliment rather than fight each other. Subordination of individual interest to general interest: The goals, needs, and objectives of the organization must take precedence over those of the individual or group of employees. Rodriguez (2001) points out that employees should be hired that share in the goals and objectives of the organization. While Fayol notes that such a principle should need not be voiced, “ Ignorance, ambition, selfishness, laziness, weakness, and all human passions tend to cause the general interest to be lost sight of in favor of individual interest...” (Fayol, 1949, p. 6). •Remuneration of Personnel: One of the longest sections addressed in his book “ General and Industrial Management,” Fayol purports that payment for work completed must be fair for both the company and the individual, and must be sufficiently motivational (Rodriguez, 2001). First consideration for a fair wage must be given to circumstances outside the organization’s realm of control as well as the employee’s worth: cost of living, size of the available workforce, and business and economic conditions of the organization.

Next, a mode of payment must be determined. Fayol includes time rates (payment for time spent), job rates (payment for completion of a specific, well-defined job regardless of the length of time it takes), and piece rates (much like a job rate, although payment is determined when a product's weight, length, or capacity can be determined and payment is made based on the amount of a product produced). Fayol contends that there is no one method without its drawbacks.

Finally, Fayol discusses auxiliary means of payment in terms of bonuses, as well as profit sharing, which can induce workers at all levels of the company, from the line worker up through to the head of an organization, and non-financial incentives, such as heating, lighting, food, and housing, that while of no monetary value for the employee, add to satisfaction and therefore positive performance. •Centralization: The amount of which is dependent on the condition and type of the business, centralization and decentralization refers to the amount of authority given to workers.

Too much centralization or decentralization can lead to ineffectiveness.

While Fayol contended that each organization may need to continually adjust its degree of centralization, Fayol felt that “ managers should retain final responsibility, they must give subordinates enough authority to do their jobs effectively” (New Straits Times, 1998). •Scalar chain: Communication in an organization should proceed through the established chain of command or organizational hierarchy.

This flow of communication allows all those in need of information to be “ in the loop,” thus facilitating informed decisions and coordinated actions on all

parts and levels of the organization. Fayol however does allow for exceptions to this flow, such as in circumstances in which traveling through the chain of command would be slow and actually hurt the organization's current of operation. In these circumstances, lateral communication could be allowed as long as the superiors of those doing the communicating were informed and approved of the bypass in the chain. Order: This principle deals with both materials as well as personnel, and conforms to the adage.