

Background of henri fayol commerce essay



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Henri Fayol was a Gallic industrialist and director, working in the mine industry and looking for applicable solution to concern direction. He went to school in Lyon (the 2nd largest metropolis of France) and enrolled at the technology school of Saint-Etienne (Ecole Nationale des Mines) . He received an instruction as a mine applied scientist and graduated in 1860 from this school at the age of 19. He was foremost employed as an applied scientist at Boigues, Rambourg and Co. In 1874, this company became Comentry-Fourchambault SA or Comambault) . It is of import to detect he pass all his professional life in the same company sing its enlargement and cognizing good its construction and production methods. Fayol was foremost remarked as an applied scientist when he wrote a paper suggesting a solution to fire jeopardy, fire adjustment and self-generated burning in mine, destructing work forces and installings. In 1866, he was appointed manager of a individual mine of Comentry at the age of 25. The company was traveling through enlargement and added several other mines to the company in other portion of France such as Monvicq coal mine and Berry Iron Ore Mine. He became the managers of those mines every bit good at the age of 31. In the same clip, those enlargements did non translated in addition of dividend. Quite the contrary, Fayol had to confront the fact that Comambault was in desperate fiscal passs. In the late eightiess ' , the company had failed to pay dividends for at least 4 old ages. In 1888, at the age of 47 he became the Chief executive officer of the Comambault pudding stone. The aim of his mission as a Chief executive officer was to do the

company viable once more which he did. He worked closely with his directors to turn the company about, shutting inefficient units, putting in research and engineering and spreading out the geographical base of the company. In 1908, in a discourse he gave he reminded this episode of industrial history:

In 1888, the company Commentry-Fourchambault was on the brink of vanishing in abandoning its works and in restarting the exhaustion of the mine stocks, when an alteration of capital came. Since so, the company prospered once more. The company's history shows that its autumn and lifting are uniquely a consequence of the administrative procedure employed. This is with the same mines and the same works, with the same fiscal resources, in the same commercial state of affairs, the same board of managers, and the same personnel that the company raises once more to this minute. Therefore, some administrative methods leave the company to its ruin; other methods give it its prosperity back. Work, experience, cognition and good will of several thousands of people had been sterilized by some dysfunctional administrative procedure. And other administrative procedures emphasize all its strength.

Fayol was captivated by a really big concern with over 10,000 employees, which at the time, was comparable to today's international companies. He remained CEO until his retirement at the end of WWI, in 1918. Before his retirement in 1916, Fayol published his chief book *Administration Industrielle et Generale* in the professional publication called *Bulletin de la Societe de l'industrie minerale*. In 1917, he sets up the Centre for Administrative Studies (CAS) in Paris. His contemplations were published as a book merely in 1925, the twelvemonth of his decease. This Centre was of import in spreading his

thoughts. It organised seminars and colloquium with industrialists, public sector functionaries of the Gallic province, applied scientists, the military, and assorted faculty members. The CAS was a platform from which coaction and farther plants could be done. From 1921 to 1925, he collaborated to several surveies on behalf of the French ' s public sector. Notably, he produced a survey of the Post and Telecom Department every bit good as the Gallic Tobacco and Match monopoly.

Why a initiation Father of Management?

One singular characteristic about Henri Fayol ' s influence in direction is the fact that he is small known compared to Taylor (1856-1915) who lived approximately at the same clip. The era of the great development of the Nineteen century industry does non explicate why one hits more celebrity than the other. In 1912, Charles de la Poix de Freminville met Taylor and stated to distribute the rules of Taylorian administration of work. Taylor ' s work dealt with the workshop of fabrication and Fayol ' s with the excavation industry and its general direction. One must state that one facets of the comparative slow diffusion of Fayol ' s thoughts, is due to clocking. In 1916 and 1918, France was covering with the WWI and its wake. Although many of Fayol ' s rules he developed in surveies during 1921-25 could hold been used for breaking the direction of the Gallic province bureaus and endeavors were non followed. The ground have to be found in the institutional alteration of France at the clip, whereby France was dividing the church from the province in instruction, the growing of the populace sector, labour brotherhood and big concerns correlated with the rise of professional directors and the involvement in engineering development. My position is that, for ideological

ground, when the Gallic province was seeking to reenforce itself (by setting up national system of instruction, nationalization of companies (train system, station & A ; telecom, etc.) but besides vis-a-vis the menace of Germany) , Fayol ' s matter-of-fact unfavorable judgment and suggestion to alter the province ' s signifiers of direction were non ever welcome. The support of the province ain industry and the ordinance of market by province bureaus went good until 1986.

That is in the big portion, the ground why the Gallic themselves did non see Henri Fayol ' s work the convenient resource to cover with the direction of the French ' s province bureaus and industries. The US concern school considered Henri Fayol ' s plants worth learning their undergraduates. It merely since the last 10 old ages (around the terminal of the 1990) French ' s bookmans have been analyzing back their ain managerial roots. Despite the history of how Fayol ' s thoughts come about, one may inquire us what is of import in them to be consider foundational to direction idea. In fact, there is, as any classical direction mind, a basic originality in Fayol ' s proposition on the demand of direction sing the dealing of the industry.

Fayol ' s Originality

To a big extend, all direction minds and practitioners view the direction map as the agencies to organize proficient map of the concern toward an optimum economic efficiency. In this regard, Henri Fayol, Frederick Taylor or Alfred Sloan do non differ in their purpose. One can happen Fayol ' s preparation of the function of direction in the industry in a talk he gave in 1900 at the Congres International des Mines et de la Metallurgie. Fayol makes the undermentioned comments:

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The proficient and commercial services are instead good defined, which is non the instance of the administrative services. The manner it is built and the ascription it fulfils are non good known, its operations are non instantly clear. It does non visibly built, forge, sell or purchase... but however, everybody knows that if it does non work good, the company goes downhill.

[Something on] enlisting: It is necessary to associate theory and pattern in applied scientists ' instruction. But it is about the proportion of each we may differ. Some think one needs to soak the plans every bit good as the talks given in the technology schools, other think that we have already reached the bound of theoretical instruction and that one waist our elite ' s young person one or two old ages that would be better employed in active life.

He besides make clear in his Book, General and Industrial Management, the difference of accomplishments and attending one needs to cover with technology work and direction work. Fayol drew attending to the demand for schools and universities to educate people approximately disposal as a subject of its ain right (in concurrence to technology, and non technology entirely) . The point of his contemplation on the instruction demands of the applied scientists was seeking to cover with the qualities required to do a good director instead than trusting on the formal regulations of technology, its aura amongst the middle class to supply good occupation to their childs. For that affair, the list of qualities needed to acquire effectual director is instead dissimilar to what is required to be an applied scientist entirely:

Physical qualities: wellness, energy, reference (mode of behaving)

Mental qualities: ability to understand, justice and adapt

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Moral qualities: energy, soundness, willingness to accept duty, inaugural, tact, trueness and self-respect

General instruction

Particular cognition: pertaining to the functional context of work, map, proficient and so on.

Experience: cognition of work, remembrance of lessons from experience.

Fayol take the demand of instruction really earnestly. He indicates three chief beginnings of issues that can potentially problem the good instruction of directors: (a) the job of industrial concentration, (B) the function of higher proficient instruction and its maltreatment of mathematics and (degree Celsius) rational wonder.

The job of industrial concentration

Pull offing great concern has ever presented great troubles. To acquire a appreciation of it, suffice to glimpse over the assorted charges a CEO has to take into history. Those troubles are built-in to the nature of things and have existed at all clip. But what did non be all the clip was the recent industrial development and industrial concentration which increased well the proportion of large trades and demo the deficiency of good CEO.

The function of higher instruction and the maltreatment of mathematics

We abuse mathematics in the belief that more one knows it, more one is able to regulate concerns. Besides, [we are in the belief that] their survey, more than anything else, develops and makes the opinion correct. Those are <https://assignbuster.com/background-of-henri-fayol-commerce-essay/>

errors which cause serious issues to our state and which seems to me utile to contend. (...) A long personal experience taught me that the usage of higher mathematics is worthless in concern direction, and that applied scientists, pitworkers or steelmakers about ne'er use it.

I steadfastly believe that simple mathematics contribute to organize your opinion, as all other subdivisions of general civilization. I however do non believe that an intense higher mathematical civilization, imposed without necessity to future applied scientists has the same consequence. The inordinate civilization of any sort of scientific discipline is unhealthy to both the purgative and the mind. The surveies of mathematics do non do exclusion. Studied at length with strength, it leaves integral merely the well balanced encephalons. One sees exceeding mathematicians without common sense and we see legion work forces of common sense who are non mathematicians.

Intellectual wonder

You are non prepared to take the way of a company, even little. School did non give you the disposal, commercial and accountancy impressions you need to be a CEO. Even if school would hold provided them, you will still miss pattern and experience that can merely be acquired by the contact of work forces and things. (...) one asks you to convey with you your sheepskin, contemplation, logic and a spirit of observation and dedication to the achievement of your undertaking.

Work to finish your professional cognition, but do non pretermit general direction. Directors animating high regard and esteem ne'er stopped, you

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will see, to learn through changeless attempt. (...) You belong to the rational elite, so you should not be uninterested in intelligence, you should be cognizant of the general thoughts fomenting modern society in all spheres.

One sees that Fayol saw that the technology instruction (such as he received with its predomination of mathematics) did not reply the challenge one is confronting when covering with administration and human affairs. He saw in direction the field of pattern and contemplation that was needed in the sphere where technology, although provide efficient techniques for covering with stuffs, was unable to turn to the human facets. It does not intend that direction was a kind of humanitarianism but the normal counterpart of the rationalization of an administration (private or public) holding in head that one needs to take a particular attending to the inquiry of human administration if one wants an industry to map.

Fayol ‘ s Administrative Theory

As a consequence of his experience and of a uninterrupted contemplation on the manner to do corporation work best, in state of affairs of alteration, he reckons one needs to set up an administrative “ theory ” which takes into history:

The demand of projections. It demands to set up a system of annual projections for the long term aims and monthly projections for particular activities in the company suiting the planetary planning. The function of projection for the personal is to be able to measure what has been achieved as people go on working.

To contend bureaucratism by easing the face to face dealings, avoiding the multiplicity of hierarchies which increase the irresponsibility of the managers. Besides one needs to stability in hierarchy and the possibility to honor or punish the usage of power.

Pragmatism has to be applied in the division of labor by commanding determinations to be ever balanced with the state of affairs.

The demand to utilize control directors to be able to take determinations quickly before it turns to be ruinous.

In the general literature in direction, Fayol is frequently seen as the top-down director that worked out the tools of administration to the distribution of undertaking. In fact, his chief focal point was not to formalize the tools of determination devising in a simple chart to follow. Fayol ' s point was that an administration could not be managed with a simple position referring both the map of the administration and its human constituents. And for that affair, it is first necessary to see the administration, not merely from the undertakings analysis position following engineering application the industry, but as an integrating of several cardinal maps. In other words, Fayol invites us to hold on at one time the complexity of the direction of concern administration by taking into history the undermentioned maps:

Techniques (production, transmutation) , commercialism (concern and gross revenues) , finance (capital direction and research) , security (protection of goods and individuals) , accounting (balance sheet, stock list, mill monetary value, statistics, etc) and disposal (foresight, administration, bid, coordination and control) .

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Donald Reid (in his paper on Fayol called “ Fayol: From Experience to Theory ”) make clear that Fayol, as a practitioner, did roll up a figure of industrial and managerial experience before setting his thoughts on paper. He kept voluminous notes of his observations, holding a peculiar involvement in organizational failure and the nature of duty and authorization among cardinal determination shapers. In 1861, Fayol write in his notebook an illustration of direction failure. In one mine, he saw that all work had to be stopped because of an hurt to a on the job Equus caballus. The mine director was absent and the stable director had no authorization to obtain the replacing of the injured Equus caballus. In the instance of the Equus caballus replacing, it was the inability of the company construction to cover with this proficient job that causes inefficiency. Fayol did place that authorization was required to infest narrow construct of determination devising that did non maintain the concluding aim in head. Fayol was able to infest the absence of the stable director in order to acquire things done. In this instance, one sees that authorization is neither important nor working without the flexibleness demanded by the status of the state of affairs (the production of coal in this instance) . In his work, General and Industrial Management, he reviewed all facets of direction involved in the running of a concern. Referring the authorization, he came with a list of rules:

Integrity of bid

Hierarchical concatenation of bid

Separation of powers (authorization, subordination, duty and control)

Centralization

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Order.

But he did not concentrate merely on authorization since his involvement was about the operation of the industrial concern in its entirety. Since most of the jobs he encountered were not proficient in the sense of related to technology accomplishment ; but largely managerial, he came to the decision that one needed a certain component of creativeness in the managerial patterns in order to suit industrial worlds. For illustration, he gave the possibility of experienced workers to go supervisors of work groups. In developing working squads with the authorization to move and do determinations in the mines, it improved both motive and effectivity. The aim was to do them responsible for quality and the timing of work. He observed that all employees are involved in the disposal of the concern to a greater or lesser grade.

In his book *General and Industrial Management*, he draws a comprehensive position of all his experience. One may name this a “ general theory ” . But it is clear that in Fayol ‘ s words, it is an effort to generalize the amount of experiences he has observed in pulling off Comambault in order to present a collection of his thoughts that could exceed industry and organizational types. One sees that in maintaining the country of direction big (from the determination devising, the work relationship every bit good as the choice of human resources) Fayol identified the undermentioned rules of direction (see text 1 of the reading list) :

Division of work – specialization of labor

Authority – the right to direct the work of others but necessitating commensurate duty for actions and public presentation

Discipline – obedience and regard for the administration and fellow workers

Integrity of bid – one “ superior ” instead than many – in contrast to F W Taylor

Integrity of way – one agreed program of action taking to concentrate and coordination of attempt

Subordination of single involvement to the general involvement

Remuneration – to incentivise and do employees more valuable

Centralisation – to accomplish the “ right ” proportion of centralized and decentralized determination devising to optimise forces

Scalar concatenation – the concatenation of authorization from top to bottom, letting besides for sidelong communicating and determination devising (the “ pack board ”)

Order – people and resources in their appropriate topographic point

Equity – just employee dealings based on regard and helpfulness

Stability of term of office of forces – to help in resources be aftering

Initiative – promoting energy and ardor throughout the administration

Esprit de Corps – edifice a sense of belonging and squad work