

## Knowledge Sprint

Henry Fayol's 14 principles in Management





#### We will cover in this module like -

- Introduction to Henry Fayol
- Definition of Management
- Understanding of Industrial Activities
- Fayol's 14 general principles of management
- Appreciation
- Criticism



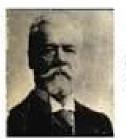


#### Introduction Of Henry Fayol (1841-1925)

- He was a French mining Engineer
- He was known as founder of "Management Process School"
- Also as first "Management Theoretician"
- His outstanding contribution to management theory comes from his book called "Administration Industrielle et Generale" that was published in year 1916
- This book was best known for Classical administrative theory. and its english version of book was called as "General and Industrial Management", published

Henri Fayol(1841-1925)

Note - Fayol got nobel prize for his research in metallurgy



Father of modern operational management theory

### **Definition of Management**

- Fayol, defined management as in terms of five elements. Those are -
- 1. Planning  $\rightarrow$  act of forecast future, and draw an action plan accordingly
- Organizing → structuring human resources into undertake jobs, departments, act on action plan, use of material resources
- 3. Commanding  $\rightarrow$  it is an act to set the human resources, towards organizational objectives
- 4. Co-ordinating  $\rightarrow$  to develop unity and harmony for all organizational activities
- 5. Controlling → it is to see that everything occurs as per conformity with established rule and expressed command

- The elements of fayol are accepted as universal principles, that are part of managerial activities, that can be applied in both public and private organisations



#### **Understanding of Industrial Activities**

- Henry Fayol conducted some research in industrial activities and concluded that an industrial activities can be categorised into 6 types -
- 1. Technical Activities  $\rightarrow$  Production, manufacture, adaptation
- 2. Commercial Activities → buying, selling, exchange
- 3. Financial Activities  $\rightarrow$  use of optimum capital and resources
- 4. Security Activities  $\rightarrow$  Protection of property and persons
- 5. Accounting Activities  $\rightarrow$  Stock taking, balance sheet, costs, statistics
- 6. Managerial Activities  $\rightarrow$  Planning, organizing, command, coordination, control

- Based on his experience of working in mining industry and also his research, he concluded some 'general principles of management', which are 14 in number.
- Let us see those 14 principles one by one ....

1. Division of work	<ul> <li>It means to specialise the work into managerial and non-managerial job</li> <li>This specialisation helps to increase to built up skills, increase production</li> </ul>
2. Authority and responsibility	<ul> <li>Authority means, a manager should have power to give commands</li> <li>Responsibility must go hand on hand with authority</li> </ul>
3. Di <mark>sc</mark> ipline	- It implies, employees should obey orders of management
4. Unity of command	<ul> <li>Each employee should receive orders only from one supervisor</li> <li>It eliminates conflicts of command</li> </ul>
5. Unity of Direction	- People engaged in a similar group of activities must have same objectives
6. Subordination	- Here it means, employee must be subordinated to overall
	interests of the organisation

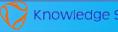


7. Fair Remuneration for effort	<ul> <li>A fair remuneration should be paid to employee for his effort</li> <li>It must be under constant attention of manager</li> </ul>
8. Centralisation or Decentralisation	- Whether to centralise or decentralise the organisation, it depends up on the structure, nature of its operations, culture of its staff and its business
9. Scalar Chain	- It means a line of authority, where every employee reports to his supervisor, and chain is maintained from top to bottom structure of organisation
10. Order	<ul> <li>Refers to material order and social order necessary for proper functioning of organisation</li> </ul>
11. Equity	- All the employees must be treated with fairness, kindness and justice
12. Stability of tenure	- Stability of tenure of job among personnel, is necessary for successful operation of organisation
13. Initiative	- All personnel of organisation must be encouraged to take initiative, it helps for growth of organisation



14. Esprit De Corps	- It refers to raise of morale, motivate the employees of organisation
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- These principles help managers as guidelines in performance of their duties
- The principles must be flexible and adaptable as per business needs and situations



#### Appreciation on 14 principles of Henry Fayol -

- 1. Leading contributor for development of Principles of Organisation or administration
- 2. Credit for creation of Scalar Chain goes to him
- 3. His principles today became part of managerial know-how
- 4. Today his principles widely used
- 5. Fayol was first person to formulate complete theory of management, that paved way for modern thinkers to develop further
- 6. His place in history is secure
- 7. He made remark his mark in European countries, as F.W. Taylor in USA



#### Criticism on 14 principles of Henry Fayol -

- 1. According to few management experts his theory is incomplete and narrow
- 2. His 14 principles are analysed from top-bottom approach only
- 3. Much attention on Functional aspect and neglects structural aspects
- 4. Few principles overlap each other
- 5. Too formal Fayol's theory is said to be very formal. However, in any scientific and analytical study facts and observations have to be presented in a formal manner.
- 6. Vague Some of the concepts have not been properly defined
- 7. Inconsistency: Principles of management theory were based on personal experience and limited observations. There is too much generalizations and lack empirical evidence.
- 8. Pro-management Bias: Administrative theory does not pay adequate attention to workers. Workers are treated as biological machines or inert instruments in the work process



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