

Course type: PG

Course: MBA

Title of attachment: Administrative Theory by Henry Fayol

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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 Industrielleet Generale” that was published in year 1916
- This book was best known for Classical administrative theory, and its english version was called as “General and Industrial Management”.

o 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 in terms of five functional elements. Those are:
 1. Planning → To forecast future and draw an action plan accordingly.
 2. Organizing → To structure human resources into jobs and departments to insure best of plan implementation and resource utilization.
 3. Commanding → To direct human resources towards achievement of organizational objectives.
 4. Co-ordinating → To integrate all organizational activities.
 5. Controlling → To insure that everything happens as per plan.

Understanding of Industrial Activities

- Henry Fayol conducted some research in industrial activities and concluded that such activities can be categorised into 6 types-
1. Technical Activities → Production and R&D
 2. Commercial Activities → Buying and selling
 3. Financial Activities → Optimum use of capital and resources
 4. Security Activities → Protection of property and persons
 5. Accounting Activities → Stock taking, costing and accounting
 6. Managerial Activities → Planning, organizing, command, coordination and control

- Based on his experience of working in mining industry and also his research, he concluded fourteen 'general principles of management'.
- Let us describe those 14 principles hereunder:

1. Division of work
 - The whole of work should be divided into different set of related activities to be performed by different people repeatedly. They will promote their skills and increase productivity.
2. Authority and responsibility
 - Authority means, a manager should have the power to give commands to his subordinates
 - Responsibility must go hand in hand with authority
3. Discipline
 - It implies that employees should obey the orders of their managers who, in turn, should have leadership quality Each employee should receive orders only from one supervisor
4. Unity of command
 - It eliminates conflicts of command
5. Unity of Direction
 - People engaged in similar group activity must have pursue the same objectives
6. Subordination
 - Every employee's actions should be in the interests of the organisation

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- 7. Fair Remuneration
 - Employees doing same kind of work should be paid somilarly

- 8. Centralisation or Decentralisation
 - Whether to centralise or decentralise the organisation depends on the structure, nature of its operations, culture of its staff and its business

- 9. Scalar Chain
 - It means that a chain of authority, where every employee reports to his supervisor, should be maintained from top to bottom of the organisation

- 10. Order
 - It refers to material order and social order necessary for proper functioning of the organisation

- 11. Equity
 - All the employees must be treated with fairness, kindness and justice

- 12. Stability of tenure
 - Stability of job tenure of personnel is necessary for successful operation of the organisation

- 13. Initiative
 - All personnel of organisation must be encouraged to take initiative. It helps the growth oforganisation

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14. Esprit De Corps	- It refers to raising the morale and motivation of 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

Criticism of the principles of Henry Fayol -

1. According to few management experts his theory is incomplete and narrow
2. These principles follow top-bottom approach only
3. Much attention on functional aspect, but less consideration for structural aspects
4. Few principles overlap each other.
5. Bague: Some of the concepts have not been properly defined
6. Inconsistency: The principles were based on personal experience and limited observations. There is too much generalization and lack empirical evidence.

7. Pro-management Bias: Administrative theory does not pay adequate attention to workers. Workers are treated as biological machines or inert instruments in the workprocess.