PHILOSOPHY OF MANAGEMENT OF HENRI FAYOL

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Abstract: The present-paper entitled ‘Philosophy of Management of Henri Fayol’, is an attempt to present the complete-thoughts and philosophy of Henri Fayol regarding management. Fayol was from France. His philosophy of management is widely known as Fayolism. This paper is divided into five-parts. First-part is introduction of Henri Fayol. Second-part presents the concept of management of Henri Fayol. Third-part elaborates the principles of management. Fayol presents fourteen-principles of management. Fourth-part presents management-functions. Fayol presents notions upon overall fourteen management-functions namely, planning, organizing, commanding, coordination, controlling, objectives, leader/leadership, communication, staffing, managerial-job, managerial-subordinate-relations, discipline and morale, motivation, training and development. Last-part is conclusion.

Keywords: Universal-Activity, Human-Organization, Material-Organization and University.

INTRODUCTION OF HENRI FAYOL

He was born on 29 July, 1841 at Istanbul and died on 19 November, 1925 at Paris. He graduated from the mining academy “École Nationale Supérieure des Mines” in Saint-Étienne in 1860. In the same year, he stated working at mining-company named “Compagnie de Commtery-Fourchambault-Decazeville” in Commentry as the mining-engineer and retired as managing-director of the company. He was a French mining-engineer, executive, author and director of mines. He develops a general-theory of business-administration and management that is called Fayolism. His theory is based on his own experiences. In 1916, he published these experience in the book entitled “Administration Industrielle et Générale.”

CONCEPT OF MANAGEMENT

For Fayol, "to manage is to forecast and plan, organize, command, co-ordinate and control." Management is an activity like all other activities, between head and members of the body corporate. It is all pervasive and common to all human-undertakings, whether in home, business or government. It is concerned with drawing up the broad-plan of operations of the business with assembling personnel, co-ordinating and harmonizing effort and activity. It is operated through people; it is concerned with objects and things only as they are associated with people and are acted on by them. His concept of management is one of the first comprehensive-statements of a general-theory of management.  

He divides all activities of an industry into six separate-categories. Firstly, technical-activities (production, manufacture and adaptation); secondly, commercial-activities (buying, selling and exchange); thirdly, financial-activities (search for an optimum-use of capital); fourthly, security-activities (protection of property and persons); fifthly, accounting-activities (stock-taking, balance-sheets, costs and statistics); and sixthly, managerial-activities (planning, organization, command, co-ordination and control) be the undertaking simple or complex, big or small, these six groups of activities or essential-functions are always present. Fayol focuses upon the notion that general-knowledge of management benefits everyone as well as suggests, it should be taught in schools and universities. He asserts, management is neither an exclusive-privilege nor a particular-responsibility of the head or senior-members of the business. In this way, it can be said, Fayol takes management in a macro-sense. For him, it is a universal-activity and comprises of five-activities.

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PRINCIPLES OF MANAGEMENT
Fayol presents fourteen-principles of management for effectiveness. These principles are, division of work; authority and delegation; discipline; unity of command; unity of direction; sub-ordination of individual interest to the general-interest; remuneration; centralization; scalar-chain; order; equity; stability of tenure of personnel; initiative; and lastly unity is strength.

[1] Division of Work (Division of Labor): It is the breaking-down of a job so as to have a number of different-tasks that make up the whole. It is the course of tasks assigned to and completed by a group of workers in order to increase efficiency. It is also known as division of labor. It means, for every one job there can be any number of processes that must occur for the job to be complete. When an individual does the same-job repeatedly he acquires speed and accuracy in performance.

[2] Authority and Responsibility: Authority is the right to give orders and obtain obedience; and responsibility is the corollary of authority.

[3] Discipline: Good-discipline is the result of effective-leadership and employees must obey and respect the rules that govern the organization.

[4] Unity of Command: Every employee should receive orders from only one superior on behalf of the superior.

[5] Unity of Direction: Each-group of organizational-activities that have the same-objective should be directed by one manager using one plan for achievement of one common-goal.

[6] Subordination: The interests of anyone employee or group of employees should not take precedence over the interests of the organization as a whole.

[7] Remuneration: All workers must be paid a fair-wage for their services.

[8] Centralization: It refers to the degree to which subordinates are involved in the process of decision-making.

[9] Scalar-Chain: The line of authority from top-management to the lowest-ranks represents the scalar-chain and communications should follow this chain.

[10] Order: It is concerned with systematic-arrangement of men, machine and material. There should be a specific-place for every-employee in an organization

[11] Equity: Managers should be kind and fair to their subordinates.

[12] Stability of Tenure of Personnel: Management should provide orderly personnel-planning and ensure that replacements are available to fill vacancies.

[13] Initiative: Employees who are allowed to originate and carry out plans will exert high-levels of effort.

[14] Unity is Strength (Esprit the corps): Promoting team-spirit will build harmony and unity within the organization.

Thus, Fayol presents fourteen-principles of management. About these principles of management, Fayol says, nothing should be rigid or absolute in management; everything is a matter of proportion because it is only very rarely that a principle can be applied twice in identical-conditions. Principles need to be flexible and capable of adaptation; as well as it requires the combined-use of intelligence, experience, decision and proportion. When these principles are practiced then it leads towards effectiveness.

MANAGEMENT-FUNCTIONS
According to Fayol, managerial (management) functions are practiced through the members of the organization. He mentions five-functions of management-process: planning, organizing, commanding, coordination and controlling. These activities perform management-services. Apart from these five-functions, he presents his notions upon nine-management-functions also. These nine-management-functions are: objective, leader/leadership, communication, staffing, managerial-job, manager-subordinate-relations, discipline-morale, motivation and training-development.

[1] Planning: It is the real-determinant of any plan. Its value is dependent upon the degree to which it is effective in advancing the organization toward its preselected-objectives. Planning is always required in every-phase of activity. Fayol mentions four-activities of planning viz. decision-making, goal-setting, developing policy and allocating functions. Planning is a process because it consists of a series of continual-reports and forecasts. He presents six-abilities as requirement for the man in charge of planning, and these are as “first, the art of handling men; second, considerable energy; third, a measure of moral-courage; fourth, some continuity of tenure; fifth, a given degree of competence in the specialized-requirements of the business; and lastly, a certain general business-experience.” Objectives of the planning are that the plan of action facilitates the utilization of the firm's resources and the choice of best-methods to use for attaining the objective. It suppresses or reduces hesitancy, false steps, unwarranted changes of course and helps to improve personnel.
According to Fayol, planning includes three things and these are, firstly, drawing-up an annual, general-report of the work done and results achieved and it should be accompanied by forecasts dealing with the same subjects and should be an anticipatory-summary of activities and results for the new-period, account must be taken of cooperative-projects and proximate activities, constant modification of the plan is necessary to avoid its being overtaken by future-circumstances; secondly, ten-year forecasts are made and revised every five-years; and lastly, special-forecasts are then prepared for activities expected to exceed ten-years and for those that occur suddenly and are not provided for by the regular-plan. Fayol mentions three-guides to plan and planning also, firstly, a plan must be compulsory; secondly, good specimen plans must be made generally available; and thirdly, planning as a subject must be introduced into education. He speaks about two-types of plans and these are short-term plans and long-term plans. The present-plans (current on-going planning) restrict the long-term plans. According to Fayol, plans should include specific-assumptions about the conditions expected in certain-areas of operation with consideration being given to the nature of technical, commercial, financial, accounting, security, and management-conditions. Plan of action is the most effective-instrument of planning. It is at one and the same-time the result envisaged, the line of action to be followed, stages to go through, and methods to use. Two things are necessary before undertaking a plan of action and these are: (i) What is possible? (ii) What is wanted? Fayol mentions four-features of a good-plan of action and these are unity, continuity, flexibility and precision. Regarding unity, Fayol says, it is necessary to have one-plan at a time, since two different plans would mean confusion and disorder; continuity is necessary to assure continued progress toward the organizational-objectives; about flexibility, he says, plans should be flexible enough to bend before such adjustments, whether from pressure of circumstances or from any other reason, it is the law to which one bows; and regarding the last-feature precision, Fayol says, precision of plans provides for greater accuracy, which is desirable in a plan of action. According to Fayol, "the plan of action rests upon three-things (i) On the firm's resources (building, tools, raw materials, personnel, productive capacity, sales outlets, public relation, etc.); (ii) On the nature and importance of work in progress; (iii) On future-trends which depend partly on technical, commercial, financial, and other conditions, all subject to change, whose importance and occurrence cannot be predetermined." About participation in planning, Fayol suggests, it should be intensive as well as extensive among managers. In his words, "the study of resources, future possibilities, and means to be used for attaining the objective call for contributions from all departmental heads within the framework of their mandate, each one brings to this study the contribution of his experience together with recognition of the responsibility which will fall upon him in executing the plan." Thus, Fayol advocates continued awareness of both the feasibility of courses of action and their resulting effect on profitability as well as suggests, adequate planning reduces the level of hesitancy and the need for change in operations.

[2] Organizing: It is building-up of a dual-structure (human and materials) to achieve the objective (undertaking). Fayol mentions sixteen-managerial-activities (duties) that are performed by an organizer (manager). A organizer/manager "insures that plan is judiciously prepared and strictly carried out; sees that human and material-organization is consistent with the objective, resources and requirements of the concern; sets-up a single competent energetic building authority; harmonizes activities and co-ordinate efforts; formulates clear, distinct, precise-decisions; arranges for efficient-selection of personnel – each-department must be headed by a competent, energetic-man, each employee must be in that place where he can render greatest services; defines duties clearly; encourages a liking for initiative and responsibility; have fair and suitable recompense for services rendered; makes use of sanctions against faults and errors; sees to the maintenance of discipline; insures that individual interests are subordinated to the general-interest; pays special-attention to the unity of command; supervises both material and human-order; has everything under control; and fights against excess of regulations, red-tape and paper-control." For Fayol, organization is a means of providing the necessary-factors of production and the structuring of channels through which the work of the organization can flow. It is a tool that enables management to perform its functions effectively. He focuses on human-organization. It deals with both people and materials. Fayol says, "to organize a business and to provide it with everything useful to its functioning as raw-materials, tools, capital and personnel. All this may be divided into two main-sections. (i) Material-Organization and (ii) Human-Organization." For Fayol, "the general-form of an organization depends almost solely on the number of its employees and every intermediate executive must be a generator of power and of ideas." Quality of personnel determines the effectiveness of the organization and is a limiting-factor in the growth of organizations. Fayol opines "the same frame-work is appropriate for all industrial concerns, of whatever kind, employing the same-number of people." According to Fayol, departmentation results from specialization. He says, "specialization belongs to the natural-order. It is observable in human-societies where the more important the body corporate the closer is the relationship between structure and function." Fayol points-out the importance of a clear-demarcation between departments in order to avoid the problem of dual-command. Thus, Fayol presents notions upon dual-structure of organization and mentions sixteen-managerial-duties of an organizer (manager).

[3] Commanding: It consists of maintaining activity among the personnel of the organization. Manager who is in charge of commanding should have six-characteristics. First, should have a thorough-knowledge of his personnel; second, eliminates the incompetent; third, be well-versed in the agreements binding the business and its employees; fourth, sets a good-example; fifth, conducts periodic-audits of the organization and uses summarized-charts to further this; and sixth, brings together his chief-assistants by means of conferences, at which units of direction and focusing of effort are provided for. Thus, Fayol speaks about the six-characteristics of the commanding-manager.
[4] Coordinating: Fayol emphasizes upon co-ordination among the various-level of managers and management. It determines the timing and sequencing of activities so that they mesh properly as well as it allocates the appropriate proportion of resources, times and priority as well as adapts the means to ends. Thus, Fayol emphasizes upon the role of coordination.

[5] Control: It is used in the sense that a manager must receive feedback about a process in order to make necessary adjustments and must analyze the deviations as well as points out weakness, error and guards against surprises as far as possible. It is operated on things, people, and actions. It consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and principles established. Objective of this function is the complete-application to the firm for the verification of results. It springs from supervision and each-department does its own supervising with higher-management keeping an eye on the overall-operations. In the words of Fayol, “when certain control operations become too numerous or too complex or too wide-spread to be carried-out by ordinary employees of various-departments, recourse must be had to special-people called controllers or inspectors.” A control-system can be effective only if it is done within reasonable-time and be followed up by sanctions as well as good-control-system guards against undesirable surprises which are capable of degenerating into catastrophes. Powers of control must be defined at the outset as precisely as possible with indication of limits not to be exceeded and then higher authority must watch carefully the use which control makes of its powers. Thus, Fayol presents control is used on things, people and actions. He emphasizes on supervision by the peers and highlights that control should be made according to the sanctions of men.

[6] Objectives: According to Fayol, each-firm has a specific economic-objective to pursue. He generalizes about organizations and never confronts the question of what objectives should be for a firm. For him, profit is an objective, but obviously accepts it as a necessary requisite to the economic well-being of the organization and the attainment of its other objectives. Nature of work in process and its importance to the firm is the base for selecting the objectives. Thus, he accepts profit as a pre-requisite of every-objective.

[7] Leader/Leadership: Unity, equity and discipline are basics of leadership. About unity, Fayol, says, building of unity is the basis of esprit de corps (Unity is Strength); about equity, he states, establishment of a sense of equity within the business is necessary for the development of good-relations; regarding discipline, he says, discipline is another factor associated with leadership; it is lack of leadership that is often to blame for poor-discipline. Commenting upon leadership-technique, Fayol says, “some leaders get obedience, energy, zeal and even loyalty without apparent effort; others never succeed at it. One of the most effective-methods of training is example.” Fayol emphasizes upon setting good-example by the manager in the organization. A thorough-knowledge of men is desirable because it enables the manager to know what he can expect of his subordinates and what degree of confidence to place in them. According to him, “the most dreaded form among these assaults are those deriving from the head himself, when he is forgetting that the interest of the concern as a whole should be the sole-criterion of his conduct and that he should studiously avoid anything savouring of favouritism involving family, fellow-workers or friends.” Thus, Fayol presents notions upon transformational-leadership for disciplined-management.

[8] Communication: According to Fayol, for communication man should know the differences and misunderstandings that a conversation could clear-up and grow bitter in writing. He favors verbal-communication because written-communications may have the effect of creating animosity between departments and employees. For Fayol, a manager should rely more on verbal-communication and less on written-communication. He says, “in dealing with a business matter or giving an order which requires explanation to complete it, usually it is simpler and quicker to do so verbally than in writing. Wherever possible, contacts should be verbal; there is a gain in speed, clarity and harmony.” For Fayol, written-communication can be an abusive-form of motivation. He speaks about gang-plank. It allows managers at the same-level but in different-departments to deal directly with each other in handling communications-problems. It can be used to improve decisions that require horizontal-communication of special-information. Thus, Fayol is mainly concerned with the effectiveness of communication from supervisors to subordinates and issuing-order and an employee should receive orders from one superior only.

[9] Staffing: According to Fayol, staff is a group of men equipped with the strength, knowledge and time which the general-manager may lack; and is an adjunct, reinforcement and sort of extension of the manager's-personality. Work of staff falls into four-categories. (i) diverse-assistance afforded to the manager in current-matters, correspondence, interviews, consideration and preparation of records; (ii) liaison and control; (iii) future-projects, either drawing-up plans or bringing them into line; and (iv) development-study. Objective of this function is to discover improvements in the operation of the firm. It requires close cooperation of executives with their staff at all-levels of management. Provision must be made for a staff to assist in the performance of managerial-duties in given areas where they provide service to top-management and serve as a reserve of physical and mental-strength, competence and time for managers to draw-upon at will. About the question of centralization or decentralization, Fayol says, “it is a simple-question of proportion. It is a matter of finding the optimum-degree for the particular-concern. Centralization is part of the natural-order and is always present to a greater or lesser-degree in every-organization. Everything which goes to increase the importance of the subordinate's role is decentralization; everything which goes to reduce that is called centralization.” Thus, Fayol considers the staff as assistance to top-managers in their decision-making.
[10] Managerial-Job: According to Fayol, all higher-managers require seven-qualities and knowledge. (i) Health and physical-fitness; (ii) Intelligence and mental-vigor; (iii) Moral-qualities; (iv) Sound general-education; (v) Managerial-ability; (vi) A general-knowledge of all the essential functions; and (vii) Widest possible competence in the specialized-activity characterizing the concern. He asserts, as firm grows the managerial-aspects of its operation become more difficult and increase in their significance. He discusses the causes of the shortage of qualified management-candidates and reflects his attitude that development rather than identification is the main-problem. Problem of selecting the manager is the most difficult and important-activities of business. He acknowledges and observes that men capable of managing are undoubtedly rare. Fayol mentions personal-attributes as characteristics to judge the managers. These attributes are necessary to performance-activity but they are not the bases of performance. Thus, Fayol emphasizes on personal-attributes for evaluation of managers than methods of conducting an evaluation.

[11] Manager and Sub-Ordinate Relations: According to Fayol, every-manager has the objective of command and gets the optimum-return from all employees of his unit in the interest of the whole concern. Primary-responsibility of the manager is the welfare of the entire-group or firm. For Fayol, relationship between manager and subordinates is based on authority and co-operation. Manager in his relations with subordinates should try to establish an atmosphere of equity. In this context, he says, "for personnel to be encouraged to carry-out its duties with all the devotion and loyalty of which it is capable, it must be treated with kindness and equity results from the combination of kindliness and justice." He identified a number of precepts to facilitate command, three of which relate the manager to the subordinate. These are, firstly, a thorough-knowledge of his personnel; secondly, elimination of the incompetent; and thirdly, a thorough-knowledge of agreements binding the business and its employees. Thus, relationship between manager and sub-ordinate is based on authority and co-operation.

[12] Discipline and Morale: Discipline is required for the purpose of improvement of future-behavior of subordinates. It is an honoring of agreements. For Fayol, “discipline is in essence obedience, application, energy, behavior and outward-marks of respect observed in accordance with the standing agreements between the firm and its employees.” Defects of leadership are largely responsible for discipline-problems. When a defect in discipline appears or when superior-subordinate relations leave much to be desired, it is likely the result of ineptitude of the leaders; workers are usually obedient and loyal when ably led. He mentions three ways to establish and maintain discipline and these are, good-superiors at all levels; agreements as clear and fair as possible; and sanctions (penalties) judiciously applied. Thus, Fayol favors discipline among managers and other members of the organization as well as emphasizes upon moral-character of the employee.

[13] Motivation: According to Fayol, it should be directed to the needs of the individual-worker so that he can be satisfied in some way through the job. Equity is one of the characteristics of motivation. He states, desire for equity and equality of treatment are aspirations to be taken into account in dealing with employees as well as he discusses about stability of tenure and spirit de corps (unity is strength). He speaks about initiative for motivation. For Fayol, "thinking out a plan and ensuring its success is one of the keenest-satisfactions for an intelligent-man to experience. It is also one of the most powerful-stimulants of human-endeavor. Further he states, freedom to purpose and to execute as well as augments, zeal and energy at all levels of the organization. Tact and integrity both are required to inspire. Thus, Fayol focuses on equality for motivation and completion of plan is the most powerful-stimulants of men and mentions inspiration as the method for motivating men.

[14] Training and Development: Both training and development are the most important-functions of management. In this context, Fayol mentions three-causes that has increased the need for training of the managers. (i) The science of business-administration; (ii) The increased-size of firms; (iii) Intricate-organization. He suggests, management should be taught at home, primary-school, university and specialized-training schools. He says, “the family could be an excellent-school for management; principles, procedures, methods, penetrating naturally into children's minds, would lay the foundation of general-ideas which might be perfected and handed on later.” He states, “efficient-employee is not a spontaneous, natural-product but a training made product through long and laborious-effort shared by the home, school, workshop and State. For Fayol, an employee trained inside is better than one introduced from outside the firm. For him, training of a manager should consist of an adequate-amount of experience. “College has given you no conception of management, nor of commerce, nor yet of accounting, which are requisite for a manager. Even had it given you them, you would still be lacking in what is known as practical-experience, and which is acquired only by contact with men and with things. He emphasizes upon good-relations for development between manager and foreman. For Fayol, both individual-study in the areas of professional-knowledge and general-education are necessary for a manager. In his words, “knowledge will not come to you solely from the performance of your daily-tasks; learn from books, periodicals, and personal-effort, otherwise you will reap merely disappointment. Be a subscribing member of the main technical-societies dealing with your specialized-work, follow their meetings, and attend their conferences.” Thus, Fayol emphasizes upon practical-experience as a key to training and about development he emphasizes upon thorough knowledge including both theory and practice.

Fayol presents notion upon fourteen management-functions. Regarding planning, Fayol suggests, adequate-planning reduces the level of hesitancy; about organizing, Fayol presents notions upon dual-structure of organization and mentions sixteen-managerial-duties of an organizer (manager); in the matters of commanding, Fayol speaks about six-characteristics of the commanding-manager. Fayol emphasizes upon the role of coordination. Fayol presents control is used on things, people and actions. He emphasizes on supervision by the peers and highlights that control should be made according to the sanctions of men. He accepts profit as a pre-requisite of objective. He presents notions upon transformational-leadership for disciplined-management. Fayol is mainly concerned with the
effectiveness of communication from supervisors to subordinates and issuing-order and an employee should receive orders from one-superior only. Fayol considers staff as assistance to top-managers in their decision-making. Fayol emphasizes on personal-attributes for evaluation of managers than methods of conducting an evaluation. Relationship between manager and sub-ordinate is based on authority and co-operation. Fayol favors discipline among managers and other members of the organization as well as emphasizes upon moral-character of the employee. Fayol focuses on equality for motivation and completion of plan is the most powerful-stimulants of men and mentions inspiration as the method for motivating men. Fayol stresses upon practical-experience as a key to training and about development he emphasizes upon thorough knowledge including both theory and practice. Thus, Fayol presents notions upon fourteen management-functions

CONCLUSION
Fayol concentrates on management from the top to down. His philosophy of management is an output of logical-thinking and foresight. He applies the lessons of experience to the needs of future. His philosophy of management has three distinct-features.

1. He treats management as a separate-body of knowledge, presents the universality of management and its applicability to all forms of group-activity.
2. He presents a complete and comprehensive-theory of management.
3. His concept of teaching and developing management-curricula in college and universities.

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