

MODERN ORGANISATIONS AND FAYOLISM

Senthil Kumar T
Faculty of Industrial Management
Universiti Malaysia Pahang, 26300, Gambang, Malaysia
senthilkumar@ump.edu.my, +6 09 5493235

Abstract

Henri Fayol is widely considered to be the father of administrative management theory which focussed on the development of broad administrative principles that were applicable to general and higher managerial levels. Though his contribution to the field of management sciences is indispensable, it is argued that some of the fourteen principles propounded by him are rather outmoded due to the way the present-day organisations conduct their business.

Keywords: Fayol, Fayolism, management, administration, organisation, management theory

2016 GBSE Journal

1. Introduction

Henri Fayol published his ideas on administration and management (Narayanan & Nath, 1993) about a century ago based on his experience as a Mining Engineer in France (Witzel, 2003). It was proposed that there were five primary functions of management and fourteen principles of management (Fayol, 1917). The fourteen principles of management were synthesised as follows (Vlett, 2014):

1. Division of Work
2. Authority and Responsibility
3. Discipline
4. Unity of Command
5. Unity of Direction
6. Subordination of Individual Interest
7. Remuneration

8. The Degree of Centralization
9. Scalar Chain
10. Order
11. Equity
12. Stability of Tenure of Personnel
13. Initiative
14. Esprit de Corps

Fayol's works gaining popularity in 1949 (Pugh & Hickson, 2007) and these principles have stood the test of time for almost a century (Pryor & Guthrie, 2010 and Jacqueline, 2011), the modern organisations have evolved to fast in the recent years rendering the application of some his principles questionable. Rapid globalisation over the last few decades has resulted in many changes in the job structure, nature of jobs and employees outlook toward employment.

Consequently, employees' perception on factors such as job security, urbanisation and outsourcing have undergone changes in the recent years. Hence, it is felt that the following four principles may still not be the order of the day:

1. Division of work
2. Unity of command
3. Subordination of individual interest to general interest
4. Stability of tenure of people

2. Division of Work

The operations of present-day organisations are different from the days of mining operations that took place a hundred years ago. These days the term 'work' does not refer to physical work alone. The term doesn't convey the right meaning if it is used to describe physical work done by fitters, carpenters or workers in an assembly line.

During the industrialisation era, the workers were expected to gain expertise in a trade by repeating the same work again and again. It was presumed that they gained expertise by experience and subsequently they would take lesser time to accomplish the job assigned to them.

However, global economy is no more in that era and many nations are orienting themselves towards service based economic development. In service based economies multi-tasking becomes an essential qualification. Banks are a classic example to describe this.

A person who takes care of the cash counter for a few months is found in-charge of loans and advances during the next few months. Subsequently, the person is moved to teller counter or one-stop counters which offer multiple services such as cheque deposit, query redressal, issuing of financial instruments and deposit acceptance.

The pace at which the businesses change has placed a huge demand on employees to learn new skills and be a master of all trades than specialising in one functional area. When the typewriters were defunct the typists had to learn about using computers. And, with the advent of computers, the erstwhile typists do not just type letters, they must use it for billing, inventory management, accounting and many other purposes.

Another example is the post office. Apart from postal services, they offer multiple services such as driving license renewal, road tax renewal, utility bill payment, courier services and money transfer. They tie up with private agencies and government departments to offer one-stop solution to consumers. So, the question of division of work doesn't arise at all and whether it is a bank or post office or super market or software company, one person is expected to perform multiple functions.

3. Unity of Command

On a different note, multi-tasking poses challenges in terms of reporting. Typically, the employees are required to report to many bosses. This is quite different from Fayol's ideas (Brunson, 2008). A billing clerk doesn't report to just the accounting head. The person is expected to communicate with the purchase department, marketing department, ICT and address consumer complaints, as well.

At one-stop counters in banks, the front office personnel must report on deposits, cash collection, cheque collection and issue of drafts. Typically, this must be done to different heads / sections. Marketing personnel must liaise with the production / operations department and follow up with services department on customer feedback about product / service quality and after sales service. The person must provide feedback on design and quality assurance also.

It would be imprudent to restrict the scope to marketing alone and ultimately the employees end up reporting to multiple bosses. Previously, a worker would report to his supervisor, the supervisor would report to the engineer, the engineer would report to the production manager and the production manager would report to the top management.

But, the nature of jobs these days are changing and even in production lines computers are widely being used. This results in workers reporting to direct supervisors, design department and computer section. Ultimately, most of the employees are forced to report to many heads due to multitasking and changes in the job structure.

4. Subordination Of Individual Interest To General Interest

In certain countries, employment was traditionally considered as a lifetime affair. The employee would seek alternate employment only when the incumbent company was closed. Loyalty was considered as a critical aspect and the employees sacrificed their own interests to uphold the interest of the organisation.

However, the current generation of employees and employers consider the idea of loyalty as outmoded. An employee is expected to apply himself to the assigned job as long as he was in the organisation. Earlier, employees were expected to be committed to the organisation. These days, the organisation is committed to employees and vice versa (Rodrigues, 2001).

5. Stability Of Tenure Of Personnel

Both retrenchment and job hopping have become a part of the present employment market. People are committed to their profession than the organisation and hence the employee turnover is relatively high these days. Employees shift to companies which offer a better compensation, or better position or better environment. Similarly, employers do not hesitate to dismiss underperforming employees.

Organisations have become cost conscious and do not wish to retain employees on a permanent basis. Even the government departments employ workers on a contract basis for a few years and avoid the costs related to increment, EPF and pension. There is no long-term commitment on either side and temping has come to stay.

6. Conclusion

Due to the quick and sweeping development that are happening in the global economy, corporate operations, job dynamics and employees' perception towards various employment factors are changing. The expectation on specialisation has given way to multi-tasking and that has affected factors related to 'division of work' and 'unity of command'.

Likewise, cost consciousness and societal changes have impacted the ideas related to 'subordination of individual interest' and 'stability of tenure'. These are not the only changes and numerous other dimensions have altered the way organisations manage their operations. This is an attempt to conceptualise some of the changes and their impact on selected the tenets of 'Fayolism'.

7. References

- Brunsson, K. (2008). Some Effects of Fayolism. *International Studies Of Management & Organization*. 38 (1). pp. 30–47.
- Fayol, H. (1917). Administration industrielle et générale; prévoyance, organisation, commandement, coordination, controle (in French), Paris, H. Dunod et E. Pinat
- Jacqueline M. (2011). Fayol-Standing the test of time. *British Journal of Administrative Management*. (74). pp. 32–33.
- Narayanan, V.K. and Nath, R. (1993), *Organization theory : a strategic approach*, Irwin, p. 29
- Pryor, J.L. and Guthrie, C. (2010). The private life of Henri Fayol and his motivation to build a management science. *Journal of Management History*.
- Pugh, D.S. and Hickson, D.H. (2007). Great Writers on Organizations. *The Third Omnibus Edition*, p.144
- Rodrigues, C.A. (2001). Fayol's 14 principles of management then and now: a framework for managing today's organisations effectively. *Management Decision*, 30(10), 880 – 889.
- Vlett, V. (2014). 14 Principles of management (Fayol). Retrieved from: www.toolshero.com.
- Witzel, M. (2003). Fifty figures in management. *Routledge*.