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Henri Fayol

the man who designed modern management

If you ask a random number of Swedes to name an influential Frenchman some will probably mention René Descartes* –not because they know much about his philosophy, but because it is well known that he died from a cold at the Stockholm Royal Castle, while teaching the queen Kristina. Others may mention Jean-Paul Sartre— not because they are necessarily familiar with existentialism, but because they have heard about Sartre’s problematic relationship to Simone de Beauvoir (and have seen a recent documentary about this couple).

Very few, if any, will mention Henri Fayol. (Some may venture that, perhaps, he was one of the famous French impressionists?) This seems both upsetting and unfair, because Fayol’s management recommendations define “management”. And management, as you know, is generally assumed to be imperative to organizational success (and perhaps to individual success as well). Fayol’s management recommendations provide the basis for an MBA-education, not only in Sweden, but worldwide. They provide a living for hundreds of thousands of people: authors, students, teachers, and university staff, not to mention managers.

Who was Henri Fayol, which kind of management did he recommend, why should his influence be appreciated (rather than that of Frederick Taylor), and why is it not recognized? These are the questions for the following paragraphs.

Who was Henri Fayol?

Born in 1841, Henri Fayol was the youngest of his class at the National School of Mines at St. Étienne (*École des Mines de Saint-Étienne*), from which he graduated at the age of 19. Fayol was appointed engineer at the Commentry group of coalmines of the Commentry-Fourchabault Company, where he remained all of his working life. After twelve years, he was appointed head of a group of coalmines, and sixteen years later he became Management Director (*Directeur Général*) of the company. The company was then close to bankruptcy. But when Fayol left this position (77 years old) it was flourishing, and Fayol left behind a staff of well-educated and skilled people, “to whom he might safely leave the management of the company” (Göransson, 1950, p. 6). Fayol remained on the board of the Commentry-Fourchabault Company until his death in 1925.

One may see this career as singularly unidirectional, but in fact Fayol pursued at least four careers, “and in each of them he was pre-eminent” (Urick, 1949, p. ix):

- Fayol achieved national distinction for his work in mining engineering. He pursued advanced geological research and proposed a new theory of the formation of coal-bearing strata.
- As a business leader, rather than engineer, Fayol applied a similar scientific approach to the management problems he encountered.

- Fayol was also successful financially, as he made a company on the verge of bankruptcy economically sound.
- And, most important for the present argument, Fayol took a keen interest in developing management principles. He founded the Centre of Administrative Studies, which held weekly meetings attended by representatives of a variety of professions. He made the Government pay attention to management and in 1924 addressed the International Federation of Universities at Geneva on the importance of a management doctrine as a means to promote peace.

At the end of his career, when he was 75 years old, Fayol published his own management recommendations. *Administration industrielle et générale* (1916), was not made available to the US public until some thirty years later, and then it was seen to be important first of all to Europeans:

"As a philosopher of administration and as a statesman he [Fayol] left a mark on the thinking of his own and of many other European countries, not less than the mark left by Frederick Winslow Taylor in the U.S.A." (Urwick, 1949, p. ix).

Sixty years later Fayol's management recommendations seem as pertinent as ever, and particularly in the USA.

Which kind of management did Fayol recommend?

Fayol's perspective was clearly that of the organization. He concentrated on business organizations and drew on his experience from the mining and metallurgic industry. Fayol believed, however, that organizations share a number of properties irrespective of whether they belong to the private or public sectors, and irrespective of their size. Fayol saw an organization as a social organism with management as its nervous system:

"Being present and active in every organ, it [the managerial function] normally has no specialized member and is not apparent to the superficial observer, but everywhere it receives impressions which it transmits first to the lower centers (reflexes) and thence, if need be, to the brain or organ of direction" (1916/1949, p. 59).

Présent et actif dans tous les organes, il n'a généralement pas de membre spécial et n'est point visible à l'observateur superficiel. Il recueille, en tous points, des sensations qu'il transmet d'abord à des centres inférieurs, centres réflexes, puis, de là, s'il y a lieu, à la tête, à la direction. (1916/1999, p. 70).

In Fayol's view a family is an organization, which should be managed by the same principles as a large corporation, or the French Government (and Fayol was quite critical of ministers' short periods of office, which made them irresponsible and negligent of the welfare of the nation, he believed). All organizations need management, Fayol argued, but to a degree, depending on the size of the organization. Further, the position of a particular employee determines the extent to which he is engaged in management.

The larger an organization, the more important its management, and the higher up in the hierarchy an employee, the more crucial his managerial competence. Fayol conjectured that for a large enterprise, and in a technical function, the relative importance of a manager's technical competence is 15, as compared with 40 for his managerial competence. For a minister the corresponding management number is 50, and for the head of state 60.

Fayol subdivided management into five kinds of managerial activities: *planning, organizing, coordinating, controlling*, and (after some discussion) *commanding* (*prévoyance, organisation, coordination, contrôle, commandement*). Because Fayol concentrated on large organizations he expected managers to be distant from the

employees who did the work. This explains why managers need elaborate planning procedures –short-term as well as long-term procedures– and an independent control function. Obviously, managers at a distance do not have as many opportunities to see for themselves what ought to be done and what has been accomplished as those who are directly involved in monitoring the work. Instead, managers at a distance must rely on reports. They need plans to avoid unconnected, non-logical activities and unwarranted changes of direction, and inspectors to provide impartial information about the efficiency of the work. Overall, their job is to create order out of something that might otherwise (one may expect) prove insurmountably chaotic.

Fayol expected the activities that managers are to perform to be sufficiently similar to justify general management principles. The problem was, however, that such principles were not available. There was an abundance of private principles (*les doctrines personnelles*), but those might misdirect behavior and even lead to inefficient and contradictory behavior. It would not be difficult, Fayol believed, to find empirically based management principles, if only some influential managers would take the trouble to reflect upon and document their managerial experience. Unfortunately many left their offices without leaving behind any documents that described what they had accomplished and by which means, or somebody to continue their work (*sans laisser ni doctrine, ni disciples*). But Fayol was optimistic and saw his own work as a first step towards a general discussion on management, to be followed, hopefully, by a management theory.

Fayol's apprehension that all organizations need management –and the same type of management– means that management becomes a specialty in its own right. Managers become organizational or management experts, and all kinds of organizations might ask for their expertise.

When managers are seen as a coherent group of professionals it makes sense to recognize the usefulness of a general management education, and Fayol insisted that there was an urgent need of such education. In Fayol's view, the technical schools neglected the fact that management would dominate the professional lives of their students. They focused on technical competence, and did not include management in their curricula. In particular, Fayol criticized what he saw as an undue emphasis on mathematics:

“It is not sufficiently well known that the simple rule of three has always been enough for business men as it has for military leaders, and it is a false move to sacrifice four of five years' general education in favour of an excess of mathematics” (1916/1949, p. 82).

On ne sait pas assez que la règle de trois simple a toujours suffi aux hommes d'affaires comme aux chefs d'armées. On fait un bien mauvais calcul en sacrifiant pendant quatre ou cinq ans la culture générale nécessaire à un excès de mathématiques (1916/1999, p. 92).

In an argument with Professor Haton de la Goupillière, who saw mathematics as a powerful instrument “for training the mind” (*de formation pour l'esprit*), Fayol countered that excessive application of any science might be detrimental to the physical and mental health even of the most balanced people “and mathematics is no exception to this rule” (*l'étude des mathématiques ne fait pas exception à la règle*). Fayol referred to Auguste Comte, who observed that mathematical facts are barren and remote from reality, whereas social facts are complex and subtle. He concluded that judgment did not depend on the command of mathematics; should this be the case a number of highly esteemed professionals, such as lawyers, priests, doctors, writers, and businessmen would lack judgment, as would all the skilled workers on whose common sense industry relied.

A management theory should further a general management education, starting within the family and including all levels of the school system. As already noted Fayol expected such a theory to emerge with time. But to develop a general management theory has proved more difficult than Fayol imagined. Instead, Fayol's management recommendations are all the more appreciated.

How can Fayol's influence be appreciated?

In his foreword to the English translation of Fayol's work, *General and Industrial Management* (1949), the British management consultant Lyndall Urwick lamented the fact that the French word *administration* had been translated into *management*. Although he found this to be a both accurate and convenient translation, Urwick pointed out that management may take on a number of meanings –even, according to the *Concise Oxford Dictionary*, that of “trickery, deceitful contrivance.” A close association to these ideas, said Urwick, “is unlikely to enhance the dignity either of the subject or of those who practice the activity” (p. xiii).

But Urwick was mistaken. Fayol's management recommendations have proved successful and highly durable. Management has become a subject in its own right, and is now independent of engineering or any other discipline. All over the world, universities and business schools teach management as a set of activities that apply to all kinds of organizations. This means that a Fayolist kind of management is not only a European concern, but has proved a true token of globalization.

At the beginning of the 21st century, more than 100.000 students graduate each year from Master of Business Administration (MBA) programs in different parts of the world. This is more than three times the number of law degrees, and more than seven times the number of medical degrees (Navarro, 2005). An MBA-education is seen to

“provide business executives from all walks of life and in every layer of management with the most powerful arsenal of analytical weapons ever assembled to fight the corporate wars” (Navarro, 2005, p. 3).

While an obvious objective of management education is to prepare students for a professional career in business, its highly general character is also praised. Says the Director of Admissions of one MBA-program (as if inspired by Fayol):

“What's so wonderful about the MBA is that it provides fundamental skills that you can use whenever and wherever you need them” (Gilbert et al., 2004, p. 17).

Fayol's notion of general management provides the *raison d'être* for this education, for making managers into professionals and for an abundant management literature. To this day, management students learn the acronym POSDCORB –planning, organizing, staffing, directing, coordinating, reporting and budgeting– in order to remember what their job is about (Watson, 2001). Business school curricula remain stable, and Fayol's definition of management is still seen to comprise “management” (Fells, 2000; Harding, 2003; Smith & Boyns, 2005; Pfeffer & Sutton, 2006).

Over the years, like Fayol, many asked for a management theory. Some were optimists like Fayol and expected that, with time, such a theory would be available. For example, in the mid 1950s, management expert Peter Drucker expressed an ambition very similar to that of Fayol when he hoped that

“twenty years from now, we shall be able to spell out basic principles, proven policies and tested techniques for the management of worker and work” (Drucker, 1954/1986, p. 288).

But no management theory emerged, and forty years later Drucker still found the question *what to do* to be the central challenge to managers (1994, p. 3).

Perhaps the difficulties of developing a management theory relate to Fayol's notion of general management. Common sense tells us that successful organizations are, indeed must be, different. The present interest in branding supports this observation. It seems logical to presume that organizations that are different in important respects should also be managed differently. This, in effect, was what Frederick Winslow Taylor proposed.

How did Fayol relate to Frederick Taylor?

The preface to the 1949 English translation of *Administration industrielle et générale* makes evident that in the late 1940s it was a token of appreciation to compare Henri Fayol to Frederick Taylor. The two engineers both had considerable experience from large corporations and shared a keen interest in management. Both argued that their management recommendations were general recommendations in the sense that they applied to all kinds of organizations. But their approach to management was radically different. Where Fayol drew on the similarities between organizations, Taylor (1911/1998) emphasized their differences. The managers that Taylor envisaged were technical experts, who should support the workers and help them produce as much as possible, given the "scientific" knowledge of how work ought to be performed. Where Fayol took a "top-down" approach to management, Taylor's approach in contrast was "bottom-up". As a consequence, Taylor did not advocate a general management education; any such proposition would go counter to his very perception of management.

Fayol declared that he appreciated much of Taylor's work; his invention of high-speed steel (*des aciers à coupe rapide*), as well as his conscientious mode of studying and designing a variety of working conditions. In particular, Fayol liked Taylor's contention that managers of large departments need the support of a staff (*un état-major*). This was one of Fayol's favorite ideas, which he put forth with emphasis.

But Fayol contested the matrix kind of organization that followed from the scientific management principles. Somewhat scornfully, Taylor described the notion that each employee should have only one boss as *the military type of organization* (*type militaire d'organisation*). While Taylor insisted that this principle be non-functional, Fayol, in contrast, did not believe that any organization could function without it.

Fayol questioned Taylor's contention that one employee might be managed by as many as eight managers. His objections seem relevant to this day. Matrix organizations may exist, but they are seldom appreciated. Like Fayol, and in spite of any possible military connotations, most organizations prefer the principle of one employee, one boss.

Why is Fayol's impact not recognized?

By now it seems obvious that Fayol's way of approaching management has made an unexceptional impact, which Taylor's approach does not in any way parallel. Yet Frederick Taylor is famous (or infamous), not only with those who study management, but also with the general public. Henri Fayol, in contrast, has been consigned to the "rubbish bin" of management history (Parker & Ritson, 2005, p. 1351). (One example: at the prestigious Uppsala Lectures in 2009 a well-known American professor referred to Fayol as "that other guy... what's his name again?")

Perhaps Fayol's management recommendations are *too* well known; so well known, in fact, that very few people reflect upon their origin. People treat Fayol's recommendations as something obvious. They see the planning, organizing, coordinating, controlling and commanding postulate as the natural starting point for describing management, much like a black box containing a "fact" (Latour, 1987).

When asked about their work, managers tend to describe something orderly:

"If you ask a manager what he does, he will most likely tell you that he plans, organizes, co-ordinates and controls" (Mintzberg, 1975, p. 49).

Managerial work in practice may differ considerably from this description, but those who are not managers may still believe in it, as may managers at the beginning of their career. Linda Hill's (1992) study of how sales and marketing managers experienced their first year as managers illustrates this point nicely. Hill described how newly-appointed managers were taken by surprise as they realized how many diverse tasks, including "people issues", they were to handle. Even though they had previously observed how managers within the company worked, they expected that *their* managerial work would be orderly. *They* would plan, organize, coordinate and control and command.

This does not mean that Fayol's management recommendations are not disputed: they are. In fact, many studies of organizations invalidate Fayol's recommendations as a means to making organizations successful. As a consequence, there are many alternatives to "traditional management", which either modify these recommendations, and propose for example the balanced scorecard, or propose what they see as radically different recommendations, and propose for example leadership (Holmblad Brunsson, 2007). But such propositions are framed so as to contend the orderly planning, organizing, coordinating, controlling, and commanding recommendations of Fayol. This is true even of the Swedish professor, who, having studied managerial practice, exclaimed:

"One cannot help wondering if, perhaps, all these intelligent, successful managers indulge in managerial work characterized by brevity, variety and fragmentation because it is an efficient way of running a company?" (Jönsson, 1996, p. 146).

It seems doubtful that this professor had presented his observation as surprising, even something of a revelation, had he not been familiar with the orderly view of management as presented by Fayol. The professor questions "traditional" views on management, but at the same time he epitomizes the enormous impact of Fayol's way of thinking. Had Fayol not taken pains to document and reflect upon his managerial experience, the meaning of management might be radically different.

Fayol did not just walk out of his office like other CEOs of his time (*sans laisser ni doctrine ni disciples*). He left behind management recommendations that still make up the bulk of management textbooks, and innumerable disciples.

If somebody asks you about an influential Frenchman – do not forget to mention Henri Fayol!

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