This article explains the administrative theory of the Five Functions of Management, by Henri Fayol in a practical way. After reading you will understand the basics of these powerful principles of management.

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Introduction

At the beginning of the last century (1916) the French engineer Henri Fayol created the first principles of the classical management theory.

Henri Fayol is classified as the founding father of for example the line and staff organization.

Based on his experience as a successful director or a mining company, he developed several theories that are still relevant today. At the time, managers had no formal training.

However, the increasing complexity of organizations created a need for professional management.

Five Functions of Management

Henri Fayol gained world-wide fame for his 14 general principles of management.

He distinguished six general activities for industrial enterprises: technical, commercial, financial, security, accounting and managerial.

He defined five functions of management for the management component and these are still seen as relevant to organizations today.

These five functions focus on the relationship between personnel and its management and they provide points of reference so that problems can be solved in a creative manner.
1. Planning

Planning is looking ahead. According to Henri Fayol, drawing up a good plan of action is the hardest of the five functions of management.

This requires an active participation of the entire organization. With respect to time and implementation, planning must be linked to and coordinated on different levels.

Planning must take the organization’s available resources and flexibility of personnel into consideration as this will guarantee continuity.

2. Organizing

An organization can only function well if it is well-organized. This means that there must be sufficient capital, staff and raw materials so that the organization can run smoothly and that it can build a good working structure.

The organizational structure with a good division of functions and tasks is of crucial importance.

When the number of functions increases, the organization will expand both horizontally and vertically.

This requires a different type of leadership. Organizing is an important function of the five functions of management.

3. Commanding

When given orders and clear working instructions, employees will know exactly what is required of them.
Return from all employees will be optimized if they are given concrete instructions with respect to the activities that must be carried out by them.

Successful managers have integrity, communicate clearly and base their decisions on regular audits.

They are capable of motivating a team and encouraging employees to take initiative.

4. Coordinating

When all activities are harmonized, the organization will function better. Positive influencing of employees behaviour is important in this.

Coordination therefore aims at stimulating motivation and discipline within the group dynamics. This requires clear communication and good leadership.

Only through positive employee behaviour management can the intended objectives be achieved.

5. Controlling

By verifying whether everything is going according to plan, the organization knows exactly whether the activities are carried out in conformity with the plan.

Control takes place in a four-step process:

1. Establish performance standards based on organizational objectives
2. Measure and report on actual performance
3. Compare results with performance and standards
4. Take corrective or preventive measures as needed

It starts with an overview

Each of these steps is about solving problems in a creative manner.

Finding a creative solution is often more difficult than discovering what the problem is, than making choices or the decision-making process.

It starts with creating an environmental analysis of the organization and it ends with evaluating the results of the implemented solution.

Fayol’s Sixth Function

The sixth function of Henri Fayol is mostly managerial. This include activities like planning, organising, commanding, coordinating and controlling.

Although well understood in their own right, none of the first five of these functions takes account of drawing up a broad plan of where the business is going and how it will operate, organising people, coordinating all of the organisation’s efforts and activities, and monitoring to check that what is planned is actually carried out.

Fayol’s sixth function acts as an overall function in relation to the five functions.

A Closer look at organizing
As one of the five functions of management, Henri Fayol divided “organizing” into five subcategories.

These first five functions of management are still important in organizations today.

The first of the five functions of management, Henri Fayol mentioned was “specialization”; if every employee is allowed to use their individual skills this will be advantageous to their area of expertise.

Secondly he mentioned “unity of command”, in which an employee is answerable to one manager only.

The “formal chain of communication” is linked to this so that the employee will know how and with whom they will have to communicate.

The fourth category is “unity of direction”; all employees must be aware of the organization’s strategic objectives.

The fifth category is “authority and responsibility” in which managers have the authority to give orders.

**It’s Your Turn**

**What do you think?** Are these five functions of management applicable in today’s management? Has leadership changed on these points?

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