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INTRODUCTION

Welcome to the wonderful world of organisations and their management!

This handbook *Making Organisations Work* is an exploratory introduction to give students and other interested readers a deeper insight into the operation and ‘managing’ of organisations. Organisations are ever present in our society. They provide, amongst other things, employment, education, services, food, care, protection and entertainment. Organisations are the chessboard on which the game of life is played out. Knowledge about organisations is knowledge about the nature, the possibilities and the rules of this game (Kreitner and Kinicki, 2008).

According to the classic definition by Chester Barnard, an organisation is ‘a system of consciously coordinated activities or forces of two or more persons’ (Barnard, 1953). In order to lead, analyse or offer sound advice to an organisation, it is crucial to study and understand the behaviour of people and the working of teams, groups and organisations as a whole. This book will therefore offer insights into organisational theory and management through a series of analyses, case studies and other evidence-based conclusions, and this at three different levels: the organisational level, the group level and the individual level.

In the different chapters of *Making Organisations Work* we will look more closely at the different elements that together make up the operational domain of organisations: **the employee** (micro-level), **the group** (meso-level) and **the organisation** itself (macro-level). Acquiring knowledge about these micro, meso and macro-levels of organisations requires an **interdisciplinary** approach. The aim is to develop a better understanding of how employees in teams and organisations can be managed. To do this, we will make use of insights from different fields of study, such as organisational theory, organisational behaviour, sociology, psychology, social psychology, economic, anthropology, business administration and human resource management. We regard organisational management as a horizontal discipline. This implies that organisational management has an overarching function that transcends

every job category, business function and professional specialism. Every employee within an organisation – whether large or small, public or private – can benefit from the study of organisations and the knowledge and insight that such study brings (Kreitner and Kinicki, 2008).

Making Organisations Work is not intended to be a specialist handbook. It is not exhaustive. Its purpose is to offer a number of basic insights that will help the interested reader to deal critically with evolving organisations in a volatile labour market and a rapidly changing society.

This is an important point: the studying and understanding of organisations must always take place within the **context** of those organisations. The context is a crucial factor in the analysis of organisations and also has a significant impact on the three angles of approach (micro, meso, macro) that we will use throughout the book. As we look deeper and deeper into the different aspects of organisations, it is important to see a number of tendencies in their proper context: the world.

Societal and organisational challenges, such as technological change, diversity and an ageing and increasingly competitive labour market, make the analysis of present-day organisations more challenging – but also more fascinating – than ever before. In addition to basic insights and concepts, the book will also offer some of the most important current insights into management.

Each chapter and also some of the sub-sections will begin with an opening case or an article from the press, followed by discussion questions relating to the theme (usually a current issue or practice in organisations). Sometimes, real-life themes and case studies will be discussed. Sometimes, the case studies have been compiled especially for this book and are therefore fictitious, although they are always based on existing cases. In other words, the names of the employees and managers, the examples and the experiences are all based on existing practices within public and private organisations,

but cannot be attributed to a specific organisation or any person within an organisation. The primary purpose of these specific cases is to formulate a didactic case study that highlights practical issues.

The wider general purpose of the book is to give readers greater insight into the way organisations work at three different levels: the individual level, the group level and the organisational level. Having read this book, our hope is that the reader will be able to reflect on the problems and events that occur in organisations; to better understand organisational management and theory and a number of key new developments in the organisational domain; to analyse the processes and design of organisational management; and to assess the applicability of management within organisations.

This book is a revised version and translation of the Dutch-language book *Organisaties Doen Werken* by Adeliën Decramer, published by Borgerhoff and Lamberigts (Owl Press). This has made it necessary to change a number of things. Some of the original press articles have been replaced by new ones and some of the examples have been amended. A number of additional insights from organisational theory have been added and the section on organisational structure and organisational culture has been expanded, with the intention of giving a broader and more critical view of organisational theories and their application.

In this way, we hope to provide inspiration and an incentive for further exploration of the fascinating world of organisations. Enjoy your reading!





CHAPTER 1

Looking back in history

CHAPTER 1: LOOKING BACK IN HISTORY

Organisational behaviour and management have now been studied, analysed and debated for over a century. Before we take a retrospective look at the history of these developments, it may be useful to first define what we mean by the concept of an organisation. Organisations are ever present in our society. As such, they are of great importance, also for individuals, for whom they provide, amongst other things, employment, education, services, food, care, protection and entertainment (Buelens et al., 2011; Robins and Judge, 2011; Kreitner and Kinicki, 2008). Organisations are therefore diverse and have a huge impact on both man and society. Yet even though there are many different kinds of organisations, it can be assumed that they all share a number of common characteristics. Organisations are first and foremost social entities; they have goals and objectives; to achieve these, they are designed as a system of consciously structured and coordinated activities; and, last but not least, they operate in connectedness with the external environment (Daft, 2009). Following on from this definition, the first chapter will provide a summary of the different schools of thought in organisational and management history. The **rational approach** to management is a first important approach that needs to be examined. This will be followed by a number of later alternative approaches, including the **Human Relations** approach – which generated several groundbreaking research studies by pioneering organisational experts – and a number of other modern theoretical perspectives on organisation and management. The original ideas and basic principles of each school of thought will be discussed, as will the **relevance of these schools for contemporary organisations**. This brief look at the history of organisational management will show that during the preceding decades different points of emphasis were regarded as being important at different points in time, while the apparent discord between **efficiency and/or the ‘human’ factor** within organisations continues to present a serious challenge even today, anno 2020. The chapter will end with a short survey of the various sources and theoretical lenses that are used in this field of study, with a final focus on Evidence-Based Management: a basic principle that every future manager needs to understand.

1.1 THE RATIONAL APPROACH

It was necessary to wait until circa 1900 before the first scientific approach to organisations emerged. During the 19th century, **the sociologists Karl Marx, Emile Durkheim and Max Weber**, the founders of the modern science of sociology, studied the implications of the shift from feudalism to capitalism and the transition from a rural-agrarian to an urban-industrial society. Marx focused on the working class, while Durkheim offered his analysis of what he saw as the loss of solidarity in this new society. However, it was Weber – famous, amongst other things, for his definition of the organisational form of bureaucracy – who was really the first true organisational sociologist, with his detailed studies of the operation of organisations and the behaviour of people within them (Lammers et al., 2000; Buelens et al., 2011).

In this respect, it is important to remember the context of the times. The turn of the 20th century also marked an interesting turning point for organisations. Steam-driven machines were now performing the same tasks as the craftsmen of yesteryear, but much faster and therefore with a much larger capacity. Advances in scientific knowledge, especially chemistry, coupled with the industrial exploitation of coal mines, made it possible to produce high-quality steel cheaply. This in turn made possible the development of better machinery and more sophisticated forms of mechanisation. Improvements in the supply of electricity saw the advent of electrical-driven motors in industry and electricity-powered lighting in streets and homes. Modern oil exploitation also moved into overdrive, following the first early attempts in 1858. Perhaps most important of all, all these evolutions led to the creation of new products for a new type of consumer.

Frederick Winslow Taylor (Philadelphia, 1856-1915) is generally regarded as one of the ‘founding fathers’ of Organisational Behaviour. Taylor was an American engineer and management consultant (in other words, he gave advice about organisations) and he laid the foundations for **Scientific Management**: ‘*a scientific approach to management in which all tasks in organisations are in-depth analysed, routinised, divided and standardised, instead of using rules-of-thumb*’ (Buelens et al., 2011; Bloisi et al., 2007). Taylor systematically studied organisations in the engineering industry from the

perspective of a link in the organisational chain that had largely been ignored up to that point: the task of the individual member of staff and, more particularly, the factory worker. With this in mind, he initiated a number of time and motion studies, on the basis of which he carried out a number of experiments to determine the methods that would provide **the most optimal return within the organisation**. His earlier studies in engineering led him to the conclusion that the majority of workers used many different techniques to carry out what was essentially the same task. According to Taylor, this meant that greater optimisation through greater uniformity must be possible. To prove his point, he studied every task in an organisation and divided each task into sub-tasks, the completion times of which he rigorously measured. He then eliminated the unnecessary and time-consuming tasks and/or movements performed by the workforce, whilst at the same time developing more appropriate tools (preferably light and easy to handle). This allowed him to identify the **most efficient** method of working (in other words, the optimal balance between resources used and results produced) for that organisation. This optimal method of working – the One Best Way – was then introduced as the standardised method that all the organisation's workers were obliged to use.



*The mass production of cars via an assembly line:
the legendary Ford Model T.*

Taylor used this knowledge and experience to work as a consultant for **Henry Ford**. At that time, Ford was producing aircraft wheels and Taylor's methods succeeded in significantly reducing the time needed to assemble these wheels. But the most famous application of the new management principles was undoubtedly Taylor's involvement with the Ford Motor Company, which was one of the first manufacturers to mass produce vehicles on a production line. When Ford started his new company, with the intention of manufacturing the now legendary Ford Model T, it was Frederick Taylor who helped to design and later adjust the production system, so that the work could be standardised optimally. By now, this standardisation was no longer based exclusively on the results of time and motion studies, but also involved the optimisation of all tools and equipment and the interchangeability of standard parts in all Ford models.

This made possible the production of a very simple (in our eyes) and very spartan-looking car, but one that was nonetheless capable of doing everything that was required of it at that time. Ford offered people the first vehicle that was affordable to those of middling income, was cheap and easy to maintain, had light and inflatable wheels, and offered a comfortable ride (thanks to its innovative suspension system) over the cobbled roads of the day. Millions of Model Ts were made and sold, as Ford (with Taylor's advice) carried through further rationalisation and optimisation of the assembly line, allowing him to force down prices even lower. It also made it possible for him to pay higher wages to his workers and to introduce an eight-hour working day. This in turn increased the purchasing power of his workforce, so that they could also become bigger consumers (not of Ford's cars, but of other products).

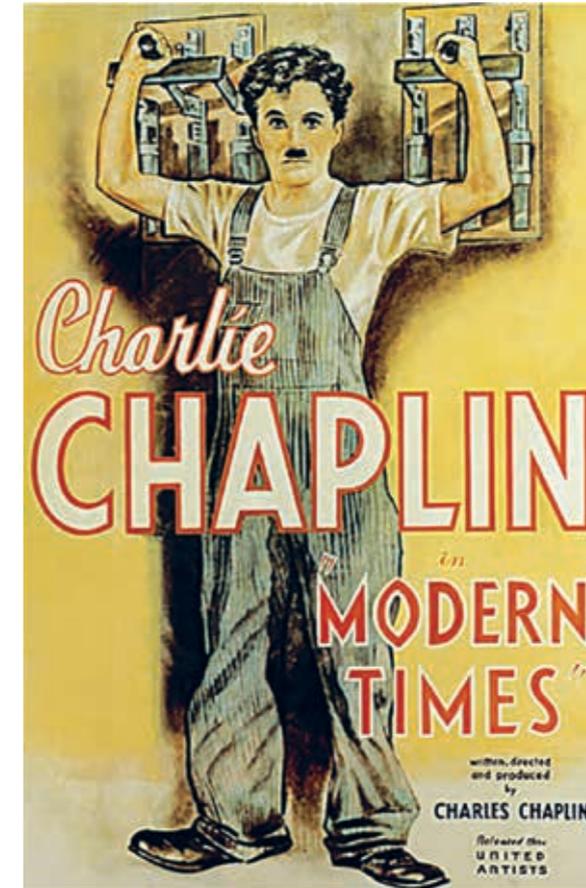


The assembly line in Ford's factory.

According to modern organisational experts, Taylor's ideas led to a number of important consequences for organisations (Sinding and Waldstrom, 2014):

- a higher return;
- standardisation of products and activities;
- greater control and predictability;
- greater sub-division and more routine tasks reduced training time and made possible the use of unskilled labour;
- a 'managers must think, workers only work' philosophy;
- optimisation of the tools and equipment used.

However, **resistance** quickly grew to the ideas of Taylorism and to the policies of company leaders who implemented Taylor's Scientific Management principles. This resistance came from the workers themselves and from the unions who later came to represent them, eventually resulting in a wave of strikes and social unrest. The work the workers were required to do was regarded by many as degrading and even capable of making people go mad. This latter image was given further popular credence by the manic satire of Charlie Chaplin's last silent film, *Modern Times*, which was made in 1936.



A satirical exaggeration of working conditions in the era of Taylorism: Charlie Chaplin in Modern Times.

There were different strands of thinking underlying this resistance. Some critics maintained an ideological standpoint, which argued that the application of the scientific approach to labour by company leaders was inspired solely by the desire to secure even **greater profits** by increasing the pressure on their workforce. Others were more nuanced in their critique, placing the focus on their fears for the 'deskilling' or the **devaluation of human labour**, which they believed would lead to social alienation (Bloisi et al., 2007; Sinding and Waldstrom, 2014).

Taylor himself was also aware of a certain degree of resistance among the working population during his experiments and tests, but it was resistance

of a very different kind. In particular, he was convinced that **workers deliberately worked slower**, in an attempt to ensure that his findings would not result in the tempo of their work being increased. He attributed this to a lack of direct supervision. For this reason, he suggested that the tasks of the foreman, as the front-line supervisor, should be split up into different sub-tasks: one sub-task for the distribution and allocation of tasks to the workers; one sub-task for ensuring the quality of execution; and one sub-task for ensuring the reasonable speed of execution. Perhaps it is understandable in human terms that the workforce reacted in the way that it did, when they saw a man leaning over their shoulder with a stopwatch, anxious to prove that they were not doing their best. Even more so, bearing in mind the spirit of the times, when it is unlikely that there was much communication from management about what was actually happening and why.

Is it possible that Frederick Taylor really had good intentions and that over the years these intentions have been misinterpreted and denigrated by his opponents? Taylor regarded the implementation of Scientific Management as a joint task between management and the workforce to find the best way of working to the benefit of all concerned. Alongside physical suitability, he therefore saw a willingness to conform to the obligatory and standardised methods of working as one of the most important selection criteria for recruitment. But he also thought that it was only logical that people who agreed to participate on this basis should then receive a higher wage. Unfortunately, this logic has not been followed – at least not in full – by the scientists and academics who followed Taylor. In particular, they argued that Taylor took no account of important aspects of the **human factor** in organisations. More specifically, he is said to have ignored the **importance of professional pride and job satisfaction and the significance of forms of reward other than the purely financial**. He saw the workings of the group and their adherence to the old rule-of-thumb methods as something essentially and deliberately counterproductive (he referred to it as ‘soldiering’). However, at the same time he failed to take any account of the physical and psychological make-up of the employees required to carry out the routine work he advocated, which often led to strain and stress. As a result, many subsequent researchers have questioned his **exaggerated sub-division and routinisation of tasks**, regarding it as a recipe for reducing the quality of labour (deskilling), increasing employee alienation from both their work

and the products they make, and encouraging boredom as a result of the lack of any real challenge (Sinding and Waldstrom, 2014, Drenth, 1970).

Even so, it is generally accepted that Taylor **laid the foundations for further research and applications in the field**. Task division, allocation and optimisation, together with the search for the right forms of labour, taking due account of all factors, both human and technical, made their entry not only in the automobile sector, but also in other sectors and organisations, such as engineering, construction, electricity, clothing and even services. Further efforts to counterbalance the perceived shortcomings in the purely rational organisation of labour is evident in later initiatives to offset the disadvantages of task specialisation and short-cycle thinking by ensuring wherever possible a sufficient degree of **task enrichment, task enlargement and job rotation** (Kreitner and Kinicki, 2008; Bloisi et al., 2007; Sinding and Waldstrom, 2014).



CAN THE PRINCIPLES OF FREDERICK TAYLOR AND SCIENTIFIC MANAGEMENT BE APPLIED IN TODAY'S ORGANISATIONS?



McDonald's: is this the Taylor principle in modern-day action?

Much further research still needs to be done into machine and process-based work in our modern-day organisations. The assembly line system still exists; for example, in the car industry. That being said, and viewed from a purely technical and process-technical perspective, the situation today is immeasurably better than it was at the beginning of the 20th century, thanks to better workplace organisation and stronger logistical support. If we realise that cars no longer exist in just a single colour (the Model Ts were all black) and a single standard version, but in multiple colours and multiple versions, we can see that a **huge evolution** has taken place since the ‘prehistoric’ times of Ford and Taylor, and that the so-called ‘productivity gain’ of those times is nothing compared with what we now see in modern industry. At the same time, we must also realise that it is not just cars that have increased in complexity; the same is true of many other products. Outside the automobile sector, there are now numerous other sectors where machine and tempo-related work, with all its strengths and shortcomings, is now the rule rather than the exception. New solutions, such as more far-ranging workpost analyses and ergonomics (adjusting work to the capacities of the people required to do it), do not always bring the relief they intend.

In particular, criticism continues to be voiced against work involving a machine-related tempo, primarily because people do not tend to work at the same constant speed. There are variations both between individuals and within the same individual. If the tempo is too fast, people lose interest, concentration wavers and mistakes are made. This results in increased sickness absence and the threat of increased industrial action. On the other hand, a tempo that is too slow also leads to loss of interest through a lack of challenge, again resulting in costly mistakes. Every restaurateur knows that the quality of service decreases if there are too few customers and too many personnel. People need a certain degree of ‘task tension’ in order to be able to function optimally. In some students, this phenomenon is recognisable in the procrastination they show at the beginning of the academic year (low tempo), followed by a much increased level of motivation at the end of the academic year, as the exams approach.

Even in Taylor’s time, there were other thinkers who developed organisational theories that were not exclusively focused on the individual, the labour tasks and the immediate working environment, but concentrated

instead on the aspect of **management** as a separate and necessary task in every organisation (Sinding and Waldstrom, 2014; Buelens et al., 2011).

We are talking of an era when entrepreneurs were usually wealthy men in their own right or else could engage in their entrepreneurial activity because they were ‘sponsored’ by other wealthy men: their shareholders. These entrepreneurs tended to appoint technically trained engineers to run their companies as ‘managers’. **Henri Fayol** (1841-1925), a contemporary of Taylor’s, was the first person to explore the task of ‘management’ as a separate and important function within organisations. The Frenchman Fayol first worked as a mining engineer but later became a manager proper in the French mining industry. It was on the basis of this experience that towards the end of the 19th century he subsequently developed his first management theories, which were eventually published in 1916. He noted that in his time managers were nearly always trained engineers. This was the only form of training that gave access to senior positions in industry and the commercial world: social insights and theories had not yet been elaborated, never mind the idea of any kind of specific management training. Fayol wanted to change this narrow approach and his work can indeed be regarded as a kind of management training course, the first ever! The normative and excessively didactic style of his basic principles is perhaps most evident in the original French versions of his writings, which are full of compelling verbs and phrases like *falloir*, *devoir*, *le droit de*, etc. Even so, these basic principles contain many aspects that would continue to find their place in much later theories and insights relating to organisations and organisational management. In fact, it was not until the publication in 1949 of the English version of his book, *General and Industrial Management*, that his principles would finally gain access to and recognition in the wider and more trendsetting circle of (primarily American) researchers and experts.

The most well-known of Fayol’s theories describes the five basic tasks of management within the different functional fields of an organisation: production, purchasing and sales, finance, security (*sécurité de l’entreprise*), bookkeeping and administration. With this latter term – administration – Fayol does not simply mean administrative tasks, but rather the directing functions of management, and this according to **fourteen clearly defined principles**, which are detailed in the box below (Fayol, 1972; Fayol, 1966).

Fayol's five basic tasks of management and their basic principles are as follows (Fayol, 1966):

1. Planning

A plan can be made at the organisational/enterprise level, but also at the levels of a department, section, service or group, or even within the framework of a project. A strategic organisational plan is made with the long term in mind and can be regularly revised (for example, annually). A project plan relates to the implementation of a specific task with a clear start and finish, and the project leader follows up and reports on progress to higher management levels.

Principles:

- a plan must seek to achieve general organisational/enterprise objectives;
- long-term and short-term plans must influence each other and be attuned to each other;
- a plan must be flexible and capable of adjustment to changing circumstances;
- a plan must be specific (well-defined) and expressed in sufficiently operational terms.

2. Organising

This involves the allocation of materials, resources and personnel. This can again apply to different levels within the organisation and within the existing rules relating to hierarchy and competencies. Fayol foresees a **strictly ordered hierarchical line** within each organisation.

Principles:

- each organisation is based on the concept of unity of leadership;
- everyone's responsibilities are clearly set out;
- the organisation operates in accordance with clearly defined procedures;
- all the rules and different levels of authority are clearly set out in an organigram.

3. Leading

An organisation must give guidelines and set tasks for its people. This implies more than simply 'issuing instructions'. It also means giving encouragement and motivation.

Principles:

- leaders must be aware of the different capacities of their personnel;
- leaders must take action against incompetent members of staff;
- leaders must ensure that the organisational/enterprise objectives are reached;
- leaders must set a good example;
- leaders must be aware of what the organisation is thinking and feeling;
- leaders must inspire action and show initiative and dedication.

4. Co-ordinating

Fayol's fourth basic task relates to the need to co-ordinate the tasks of the different departments to ensure that the wider organisational objective is reached. He recommends regular inter-departmental meetings and the appointment of liaison officers (*'ces agents appartiennent aux services d'état major'*). It is clear in this instance that Fayol is speaking on the basis of his own personal experience of working in a large organisation with a strictly organised structure and equally strict rules. In this respect, his basic principles are all closely linked to concepts such as authority, responsibility, unity of command, unity of purpose, discipline and order.

5. Controlling

This applies equally to his fifth principle. In this sense, 'controlling' means managing, keeping things under control and within the agreed bounds. This in turn means that at each level the managers and other responsible officials need to keep their finger on the pulse of what is happening. To be efficient, Fayol argues that every deviation from the agreed objective must be sanctioned. In current terminology, we would probably speak of performance indicators that are agreed in advance during the planning and, if necessary, are subject to corrective measures that can be included in revised planning (an important concept for quality management and quality control).

Fayol's fourteen basic principles of management are reproduced below. Many critics have found this list to be too strictly normative, although the list was often nuanced by Fayol himself (Berings et al., 2011; Sinding and Waldstrom, 2014; Bloisi et al., 2007).

1. **Task division.** This makes it more readily possible for employees to specialise, gain experience and become more productive.
2. **Authority and responsibility.** Authority comes at a price, and that price is responsibility.
3. **Discipline.** Everyone in the workplace must know his place in the organisation and the limit of his competencies. Leaders must intervene as soon as the rules are infringed.
4. **Unity of command.** Every employee in the organisation can only have one manager/superior (although specialist experts can give guidance).
5. **Unity of direction.** Every employee in the organisation must work towards a single goal.
6. **Subordination of the individual's interests to the general interests of the organisation.**
7. **Remuneration** of employees as a lever to increased productivity. The reward must be proportionate to the effort made (although a 100% effective remuneration system does not exist).
8. **Centralisation** is the first rule of the natural order of things (although this can depend on the nature of the task and the competence of the people involved). An optimal balance needs to be found between centralisation and decentralisation.
9. **Respect for hierarchy.** Following the hierarchical line is essential (although it can sometimes be important that communication runs laterally as well).
10. **Order.** A place for every person and every person in his place (although social order remains difficult to achieve).
11. **Equity,** in the sense of treating each employee in the organisation correctly, fairly and justly, without favouritism.
12. **Stability of tenure of personnel.** Low staff turnover guarantees continuity in the organisation.
13. **Initiative.** This is necessary at all levels to successfully carry out an allocated task or plan.
14. **Esprit de corps.** The organisation can achieve harmony through unity of leadership and the avoidance of division.

Fayol made concrete in great detail the management tasks that need to be carried out in a large and formal organisation, the first seeds of which were present in Taylor's argumentation. Having said that, Fayol actually went against a number of the fundamental starting points of Taylorism, particularly with his principles of fair reward (based on equity and equality), initiative and unity of command.

Frederick Taylor believed that leaders must create and that employees must simply implement. Or as he put it: '*Managers think, workers work*'. In contrast, Fayol believed that initiative (his 13th principle) was important for success and therefore needed to be stimulated. Similarly, Taylor thought (in response to the 'soldiering' he claimed to have identified) that employees could have more than one functional leader at the same time, reflecting the division of tasks and the need for quality and speed. Fayol, however, argued that unity of command was crucial, although he also allocated a role to 'functional' management, reflecting the need for specialist knowledge and day-to-day guidance.

Although many later scientists and academics criticised the normative aspects of Fayol's fourteen principles, and particularly the primacy he ascribed to unity of command, it must nonetheless be concluded that Fayol's ideas were based on his own personal experience within a large organisation with a strong hierarchical structure. In short, he knew what he was talking about. As such, during the early years of the 20th century he played a crucial role in laying the foundations for the further development of organisational theory.

In Fayol's defence, it also needs to be remembered that the **line organisation** was the only kind of organisation in existence at the time he was writing. This further meant that the easily understandable terminology used by Fayol was easy to apply in other hierarchical organisations, such as the army during the Second World War, when huge numbers of soldiers needed to be trained in the shortest possible time.

In fact, it was necessary to wait until after the Second World War before any further meaningful development of the rational school of organisational thought became evident. This new breakthrough was made by, amongst others, **Chester Barnard** (1886-1961) and **Hubert Simon** (1916-2001).