



# WEEK 1



# Management Theories

**THE DEVELOPMENT OF MANAGEMENT  
THEORIES**

**A theory** is a coherent group of assumptions put forth to explain the relationship between two or more observable facts and to provide a sound basis for predicting future events.

**Why:**

- **Guide management decision.**
- **Shape our view of organization.**
- **Make us aware of the business environment.**
- **A source of new idea.**

## **BUREAUCRATIC MODEL**

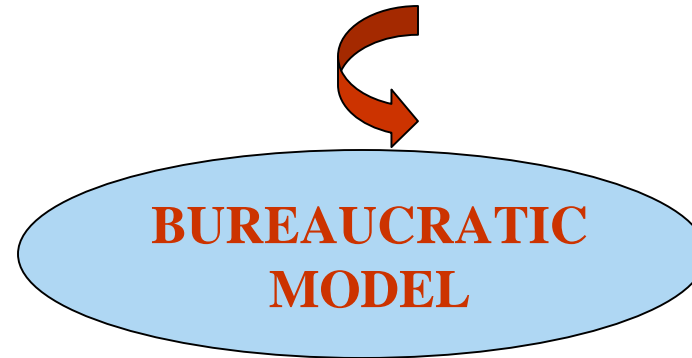


**Max Weber (1864-1920), known as the Father of Modern Sociology, was the major contributor to bureaucratic management.**

**Bureaucracies are founded on legal or rational authority, which is based on law, procedures, rules and so on**

**Stressed the need for a strictly defined hierarchy governed by clearly defined regulations and lines of authority.**

**Organisation** – take the form of a **Bureaucratic structure.**



**RATIONAL-LEGAL AUTHORITY**

**The right to exercise authority based on position.**

- position with power
- compensation : fixed salary
- hierarchy of authority
- technical competence
- governed by rules and regulations

## **DIMENSIONS OF BUREAUCRACY**

- **Division of labour based on functional specialization;**
- **A well-defined hierarchy of authority;**
- **A system of rules covering the rights and duties of position;**
- **A system of procedures for dealing with work situations;**
- **An impersonality in interpersonal relations;**
- **A system of promotion and selection for employment based on technical competence.**

## BUREAUCRATIC MANAGEMENT

# Efficiency in bureaucracies comes from

Clearly defined and specialized functions

Use of legal authority

Hierarchical form

Written rules and procedures

Technically trained bureaucrats

Appointment to positions based on technical  
expertise

Promotions based on competence

Clearly defined career paths

# **Contribution of Fayol's and Weber's Theories**

**Many of their theories are still in use today**

**e.g. -**

**Concept of management skill**

**Concept of identifiable principles for effective managerial behaviour**

**Make managers aware of the basic kind of problems in any organization.**



## **Limitations**

**Appropriate for the past where environment was relatively stable and predictable.**

**Today's environments are more turbulent and unpredictable.**

**Too general for today's highly complex organization and specialization.**