

Chapter 3

Organization Theory



Schools of Organizational Theory

1- Classical organizational school.

2- Human relations school/behavioral school

3- System theory

4- Decision-making theory.

Classical Organization School

- Ideal Bureaucracy (Max Weber).
- Scientific Management (Frederick Taylor).
- Administrative Management (Luther Gulick).

Classical Organization School (Ideal Bureaucracy)

- **Ideal Bureaucracy:**
 - Emerged by “Max Weber”.
- **Three types of authority:**
 - 1- Traditional Authority.
 - 2- Charismatic Authority.
 - 3- Legal-Rational Authority. (Weber used this authority as the only kind of authority in bureaucracy theory).

Classical Organization School (Ideal Bureaucracy)

- **Six Principles of Ideal Bureaucratic structure:**

1- The authority in bureaucracy is rational-legal authority.

2- Roles in organizations are based on technical competence.

3- Tasks and responsibilities must be specified.

4- Higher office/level controls the lower office/level in the bureaucracy.

Classical Organization School (Ideal Bureaucracy)

5- Rules and procedures should be used to control the behavior and the operations in the organization.

6- Administrative rules and decisions should be put in writing.


Classical Organization School (Scientific Management)

- **Scientific Management.**
 - Emerged by “Fredrick Taylor”.
 - He focused on efficiency and “the one best way” to complete a task.
 - Negative: Concerning much on efficiency without real concern for the human aspects of workers.

Classical Organization School (Scientific Management)

- **Four Principles of Scientific Management:**

1- Workers/employees are selected and trained scientifically.

2-Time & motion study  for completing the tasks.

3- Job specialization.

4- Workers are motivated by money “\$” only.

Classical Organization School (Administrative Management)

- **Administrative Management.**
 - Developed by “Luther Gulick.”
- **He developed the concept of “POSDCORB”: Seven management functions that organizations need to use.**
 - P: Planning.
 - O: Organizing.
 - S: Staffing.
 - D: Directing.
 - CO: Coordinating.
 - R: Reporting.
 - B: Budgeting.

Human Relation/Behavioral school

- Human relations Movement (Elton Mayo).
- Hierarchy of human needs (A. Maslow).
- X & Y theory (D. McGregor).

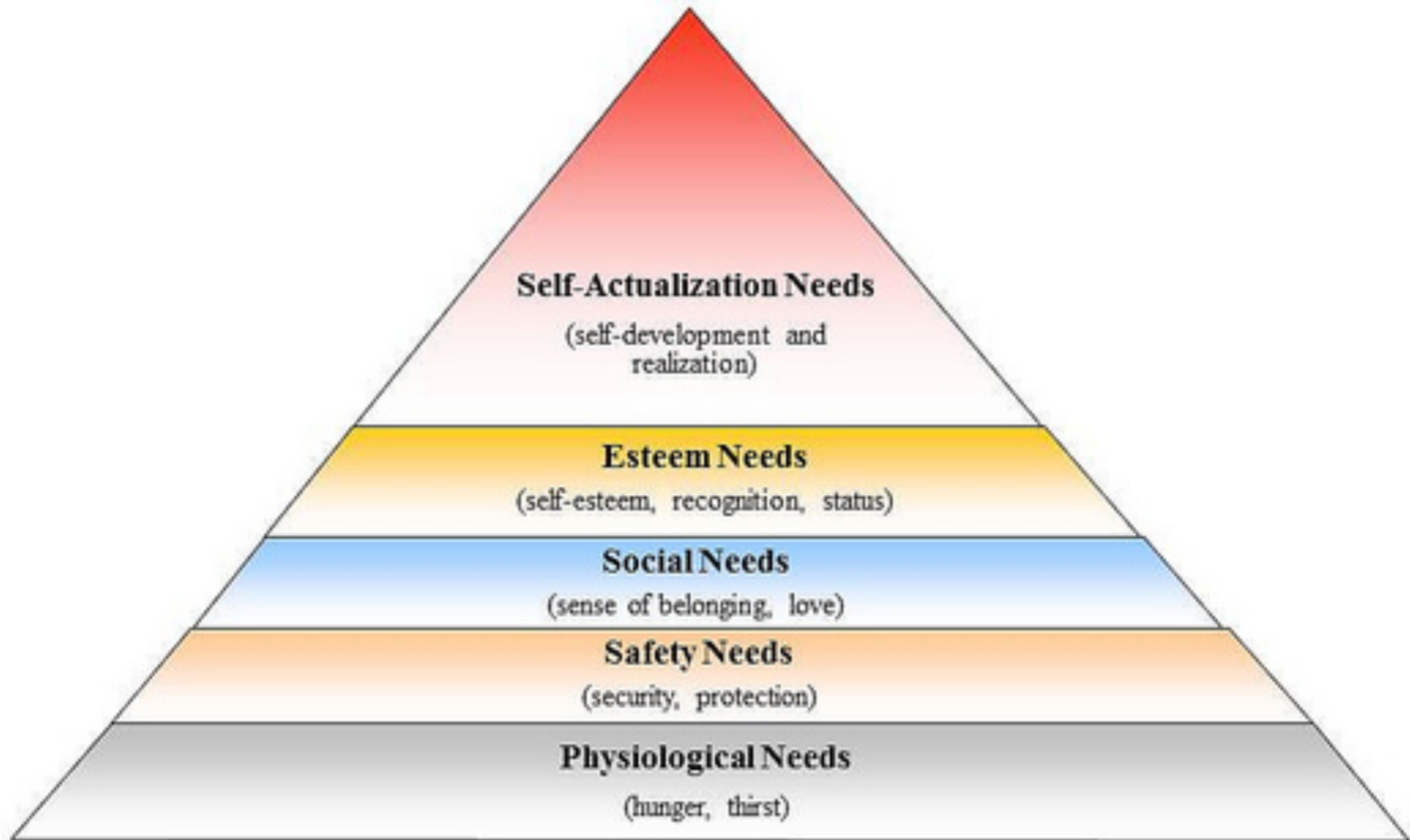
Human Relation/Behavioral school (Human Relations Movement)

- **Human Relations Movement.**
 - Emerged by “A. Mayo.”
 - He believed that money only is not enough to motivate employees or increase their performance.
 - He believed that managers’ attention to workers had an effect on worker productivity.
 - Interpersonal relations and social groups influence employees.
 - The importance of informal organization.

Human Relation/Behavioral school (Hierarchy of Human Needs)

- **Hierarchy of Human Needs:**
 - Emerged by “A. Maslow.”
 - Focusing on five needs that employees must reach in order to be motivated.
 - When an employee reached the first need, he/she is motivated to reach the next need and so on.
 - Those five needs are arranged.

Human Relation/Behavioral school (Hierarchy of Human Needs)



Human Relation/Behavioral school (X & Y Theory)

- **X & Y Theory:**
 - Emerged by “D. McGregor.”
 - He believed that employees are consisted of two groups:
(1) X Group (2) Y Group.
- X Theory: Employees are lazy, showing little ambition and will avoid work whenever possible. Managers must control and train them.
- Y Theory: Employees are good, active, ambitious, responsible and self motivated. Managers must trust them, and share them in decision making.

System Theory

- **System Theory:**

- Environment influences the organization and employees within the organization (Open organization).
- System theory : (1) inputs (2) process (3) outputs (4) Feedback.
- System theory: Put resources such as ideals, law, and/or money into the system, then government will transform those resources into services to be distributed to citizens. Then citizens give feedback to change future services.

System Theory



Decision Making Theory

- **Bounded Decision Making Theory:**
 - Emerged by “H. Simon.”
 - His theory was: There is no possible way to fully explore every possible option. Choose what’s the best at the time and call it is good enough. That’s more efficient than wasting amount of time and efforts to think all options in order to make a decision.

Conclusion

- Classical theories school = focusing more on organization aspects and financial incentives.
- Human relations/behavioral school = focusing more on employee's personal and social needs & behaviors.