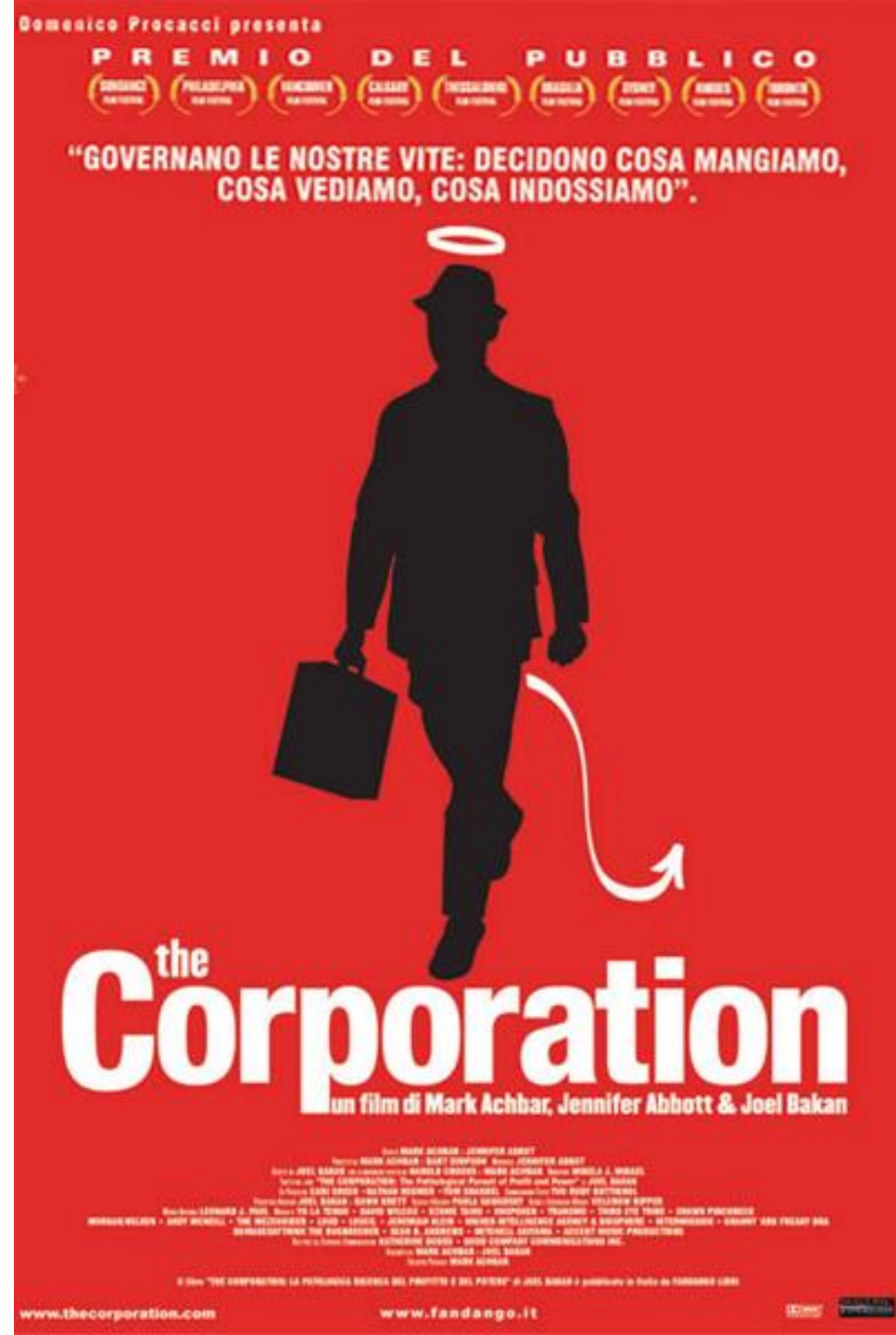**Understanding Organization**

(Tutorial 2: Scientific Management

and Bureaucratic Management

Theory)

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IDENTITY	What is our group's name?
	What is it mission?
OBJECTIVES	What is our group trying to accomplish? What are our objectives and how do we measure them?
	Which activities are we planning to complete as a team (consider both assessments and learning journal (refer to the Subject outline): e.g., you might decide to use the team to support individual work
RESOURCES	Which additional resources (personal contacts, experiences, skills etc.) relevant to the task can we activate
CONSTRAINTS	Are there constraints / weaknesses that we need to consider? How can we deal with them?
PROCESSES	How are we going to assure that everyone carries a fair workload?
	What will we do if a group member's work doesn't meet our standards?
	Other than in class, when and where will we meet and for how long?
RULES	When is it OK to miss a meeting? How do we inform each other when we can't make a meeting or are running late?
	What do we do with phone calls, messaging, Facebooking etc during meetings?
	How do we deal with members who don't participate enough, participate too much or distract the group from its task?
ROLES & HIERARCHY	Are we going to have formal roles and task attributions? Do we plan to rotate these roles?
	Are we going to establish any form of internal hierarchy? If yes, why and how are we going to assign positions in this hierarchy; if not, why? Which other form of coordination will replace it?
TECHNOLOGY	Which technologies are we going to use to collaborate effectively
VALUES	What are the 3 leading principles or values that we pledge to follow as a team?
	Are we planning to do something to reinforce team spirit and sense of belonging to the team?

Discussion on Team Charters

- Assess content functionally:
  - Did you consider all issues in depth?
  - Are your agreed guidelines coherent with your stated purposes?
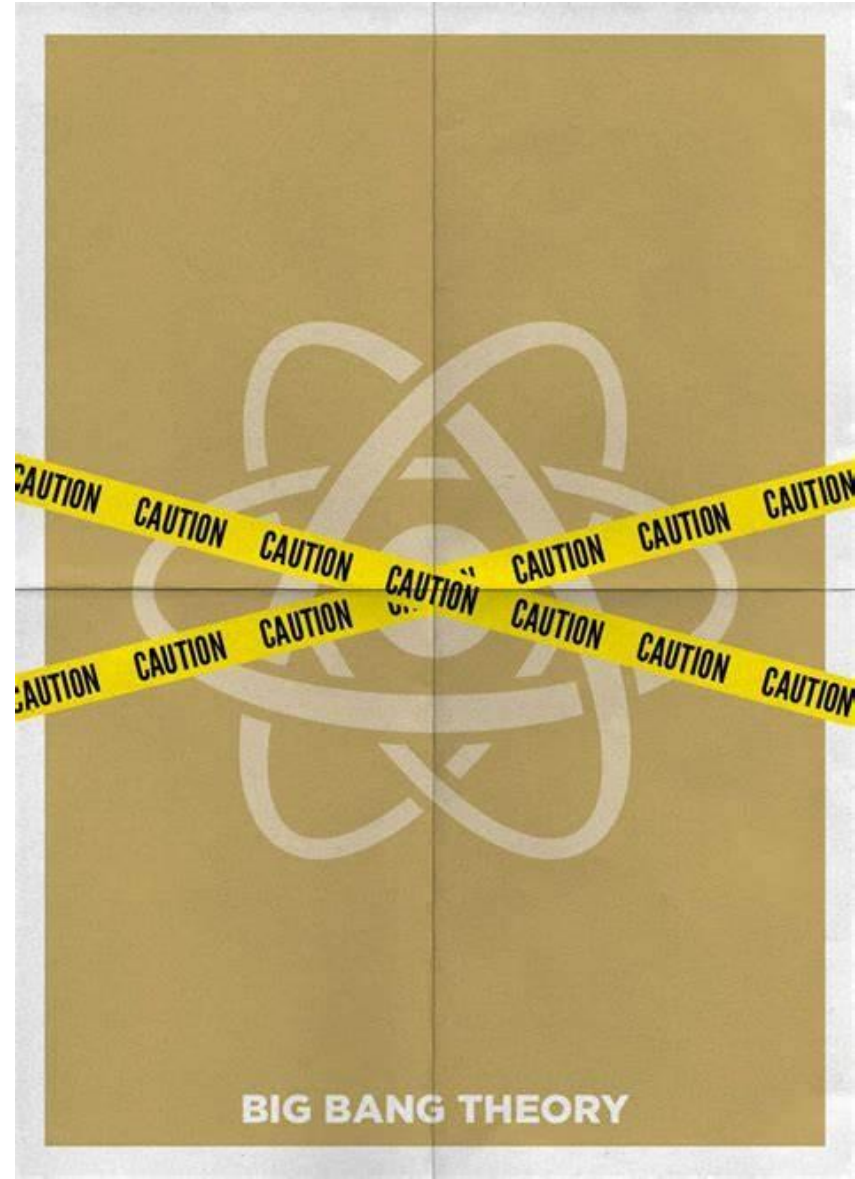 - Are your principles and values clearly actionable?

Team Building
Executive Meditation
www.executivemeditation.cat

Discussion on Team Charters

- Assess content critically:

  - What type of organization have you designed for your team (e.g. which metaphor would better represent it)?

  - What are the unstated assumptions (e.g. about hierarchy, values, norms etc.) that emerge from your charters?

  - How much space does the organization you created leave to individual freedom and well-being?

Org. Theories in this Course

- Classical management theories:
    - Scientific management
    - Bureaucratic management
- Contingency theory
- Power and politics
- Organizational culture
- Institutional theory
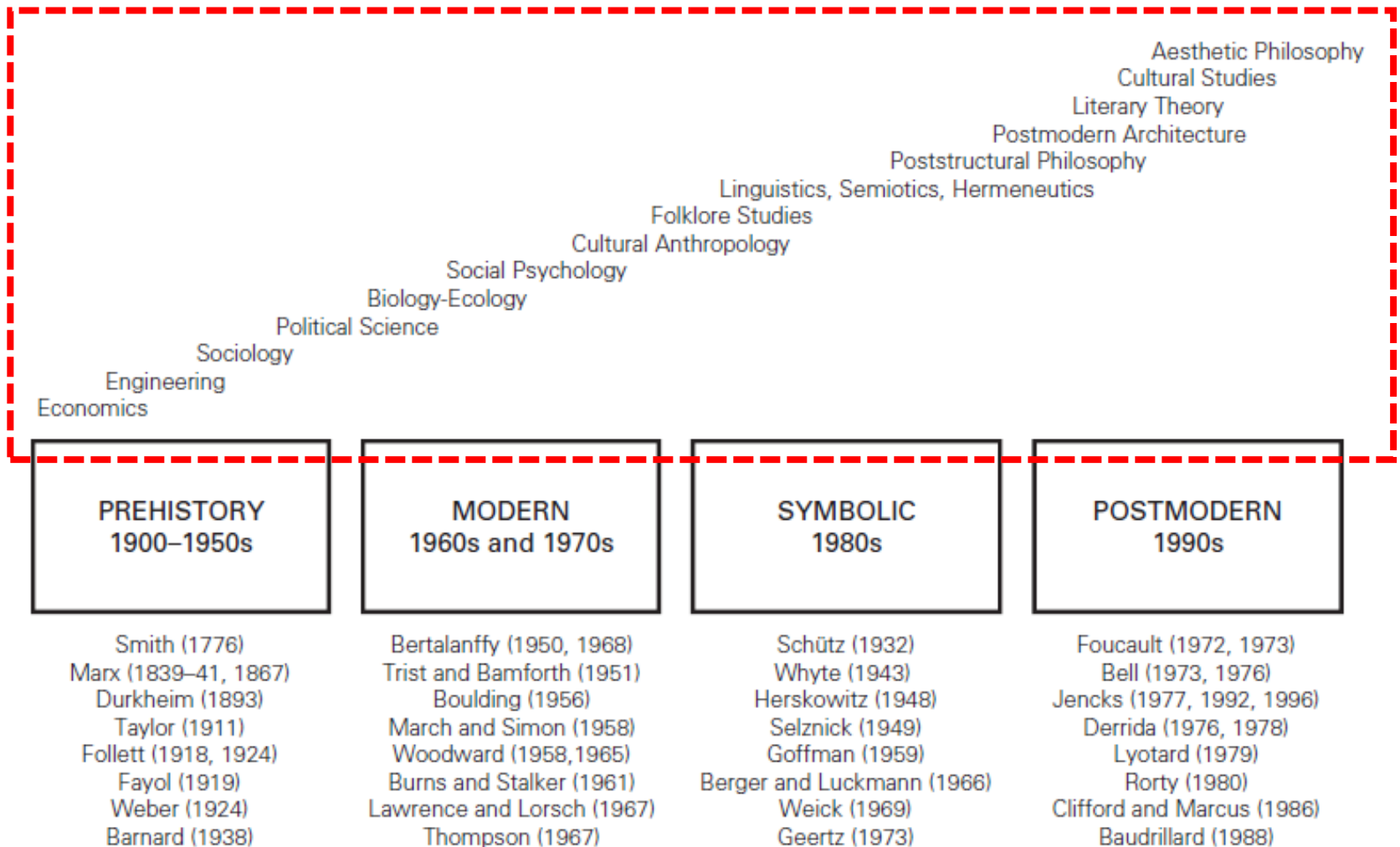- Critical management/stakeholder/ethic theories
- Paradox theory

BIG BANG THEORY

Sources of Org. Theories

Aesthetic Philosophy
Cultural Studies
Literary Theory
Postmodern Architecture
Poststructural Philosophy
Linguistics, Semiotics, Hermeneutics
Folklore Studies
Cultural Anthropology
Social Psychology
Biology-Ecology
Political Science
Sociology
Engineering
Economics

| PREHISTORY 1900–1950s	MODERN 1960s and 1970s	SYMBOLIC 1980s	POSTMODERN 1990s
Smith (1776)	Bertalanffy (1950, 1968)	Schütz (1932)	Foucault (1972, 1973)
Marx (1839–41, 1867)	Trist and Bamforth (1951)	Whyte (1943)	Bell (1973, 1976)
Durkheim (1893)	Boulding (1956)	Herskowitz (1948)	Jencks (1977, 1992, 1996)
Taylor (1911)	March and Simon (1958)	Selznick (1949)	Derrida (1976, 1978)
Follett (1918, 1924)	Woodward (1958,1965)	Goffman (1959)	Lyotard (1979)
Fayol (1919)	Burns and Stalker (1961)	Berger and Luckmann (1966)	Rorty (1980)
Weber (1924)	Lawrence and Lorsch (1967)	Weick (1969)	Clifford and Marcus (1986)
Barnard (1938)	Thompson (1967)	Geertz (1973)	Baudrillard (1988)

Figure 2.1 Sources of inspiration for the perspectives of organization theory

The boxes in the center of this figure are ordered along a timeline showing when the modern, symbolic, and postmodern perspectives became established within organization theory. The disciplines from which these perspectives are borrowed appear above the timeline in the rough order of their initial influence, while the contributing theorists are listed below, alongside publication dates for the works you will find referenced at the end of the chapter.
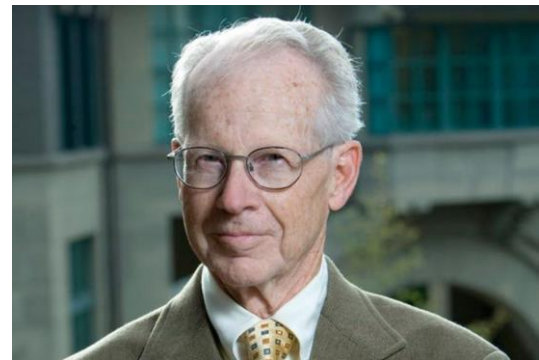
Sources of Org. Theories: Economics

- Economists are often accused of treating firms too simply.

- By disregarding differences in organizational behavior, technology, or place, and by treating firms more simply as a kind of black box that takes inputs in and creates outputs from them, economists are painting a misleading picture that makes firms interchangeable and ignores important differences between them.
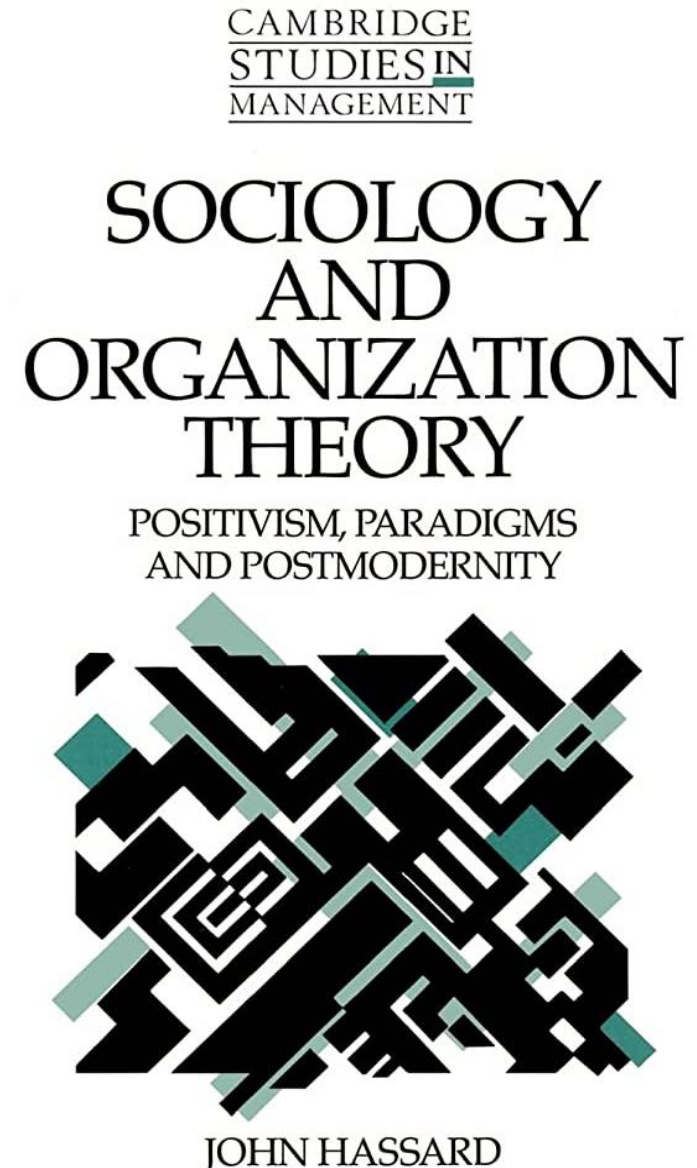
- What happens inside the firm are not important to traditional economists.

Productive factors → [black box] → Products

Firm as a production function
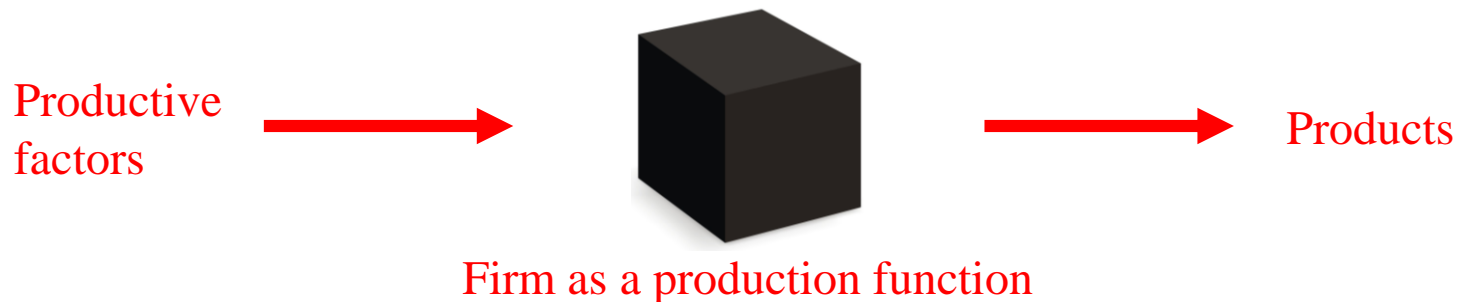
Sources of Org. Theories: Economics

- Examples of org. theories that are inspired by economics (main scholar(s) in the parentheses):

  - Agency theory (by E. Fama, M. Jensen, and H. Meckling);

  - Creative destruction/entrepreneurship (by J. Schumpeter);

  - Disruptive innovation theory (by C. Christensen);

  - Knowledge-based view (KBV) (by R. Grant);

  - Resource-based view (RBV) (by B. Wernerfelt);

  - Transaction cost economics (TCE) (by O. Williamson).

Sources of Org. Theories: Sociology

- Organizations are the fundamental building blocks of modern societies.

- So, some organization theories are inspired by sociological thoughts.

- Sociologists tend to focus on how organizations actually operate and how they affect society, while management scholars tend to focus on how and why organizations are effective and efficient.

CAMBRIDGE STUDIES IN MANAGEMENT

SOCIOLOGY AND ORGANIZATION THEORY

POSITIVISM, PARADIGMS AND POSTMODERNITY

JOHN HASSARD

Sources of Org. Theories: Sociology

- Examples of org. theories that are inspired by sociology (main scholar(s) in the parentheses):

  – Agency (by S. Eisenstadt)

  – Field theory (by K. Lewin)

  – Institutional theory (by P. DiMaggio and W. Powell)

  – Sensemaking and sensegiving (by K.Weick)

  – Social construction (by P. Berger and T. Luckmann)

  – Structuration theory (by A. Giddens)

Sources of Org. Theories: Sociology

- According to Anthony Giddens, the three most important sociologists to org. theories are:
    - Karl Marx (e.g., alienation and class conflict)
    - Emile Durkheim (e.g., social fact)
    - Max Weber (e.g., iron cage)
- Max Weber, who will be introduced later, is a sociologist, historian, jurist, and political economist.
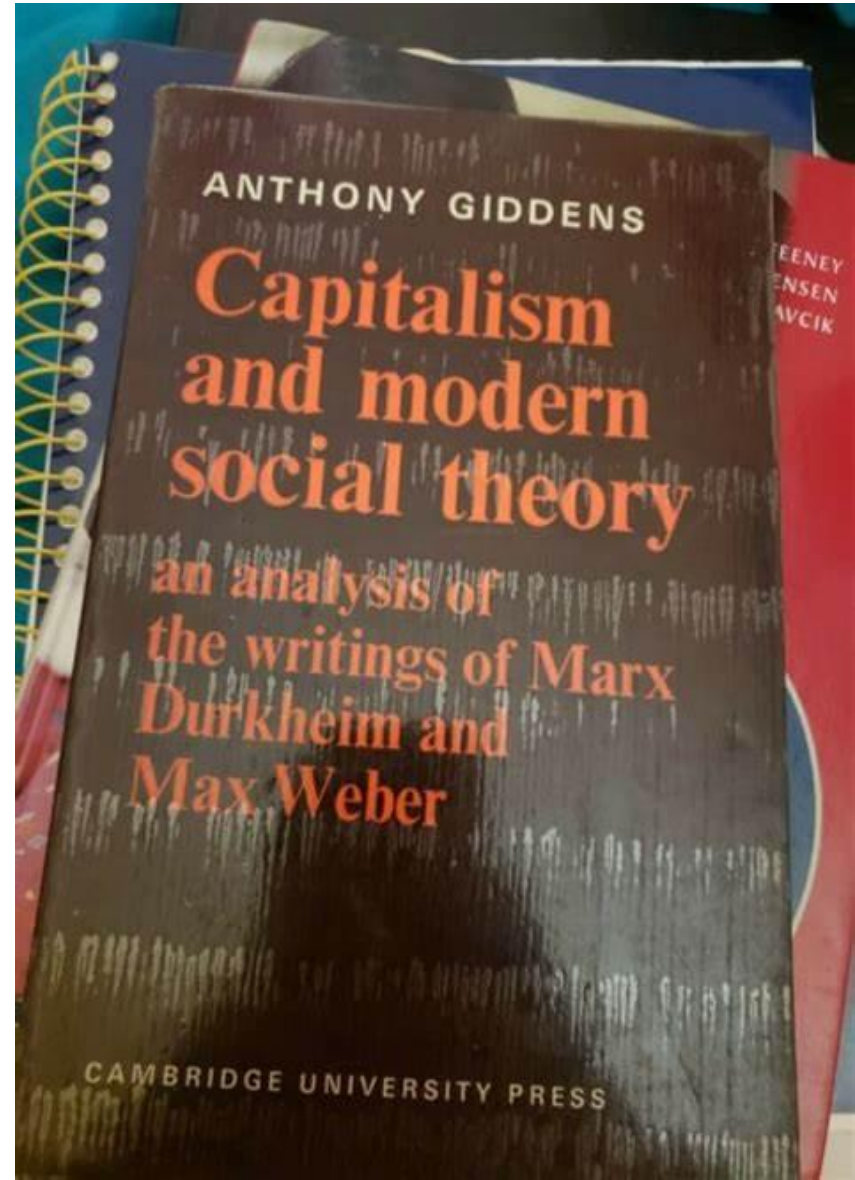
Bio of Frederick Taylor

- Frederick Winslow Taylor was born in 1856 to a Quaker family in Philadelphia, Pennsylvania.

- In 1878, he became a machine-shop laborer at Midvale Steel Works.

- In 1890, he became a general manager and a consulting engineer to management for the Manufacturing Investment Company.

- In 1898, he joined Bethlehem Steel.

Theory 1: Scientific Management

- Scientific management or Taylorism: The systematic study of the relationships between people and tasks for the purpose of redesigning the work process for higher efficiency.

- It was developed by Frederick Taylor in the late 1800s to replace informal rule of thumb knowledge.

- Taylor sought to reduce the time a worker spent on each task by optimizing the way the task was done.

- He applied scientific methods to maximize the benefits of employees, employers, and society.

- He also developed work standards, uniform work methods, order-of-work sequences, methods of placing workers, methods of supervision, and incentive schemes.

Practices of Scientific Management

- Piece rate pay plans: Workers are paid by the unit performed instead of being paid on the basis of time spent on the job.

- Differential piece rate plans: Workers who exceeds standard production is compensated for all work at a higher rate.

- Time and motion studies: The scientific study of the conservation of human resources in the search of the most efficient method of doing a task.
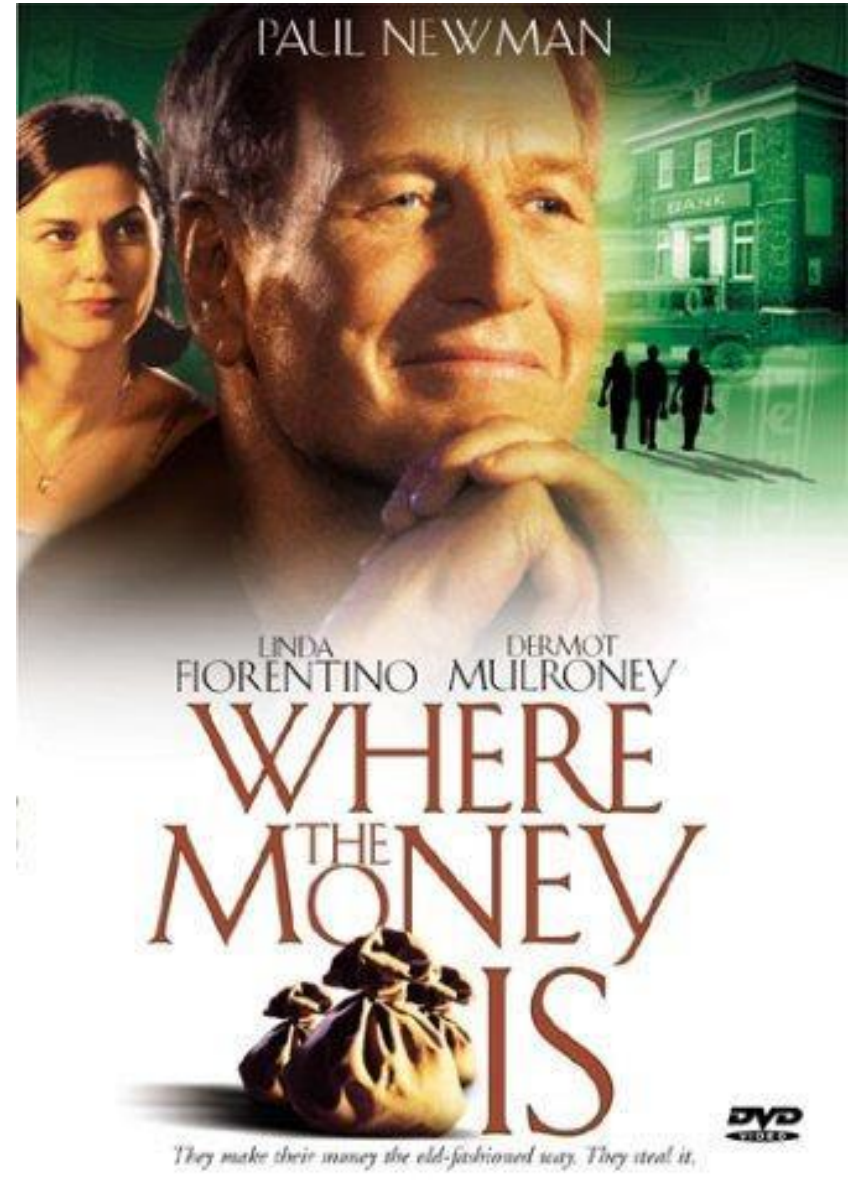
Practices of Scientific Management

- Science of shoveling: Firms provide customized tools with an eye to increase in efficiency.

- Functional foremanship: It advocates for having multiple foremen in different, specialized roles.

- Management by exception: It focuses on identifying and handling cases that deviate from the norm.

Fear can hold you prisoner. Hope can set you free.

THE SHAWSHANK REDEMPTION
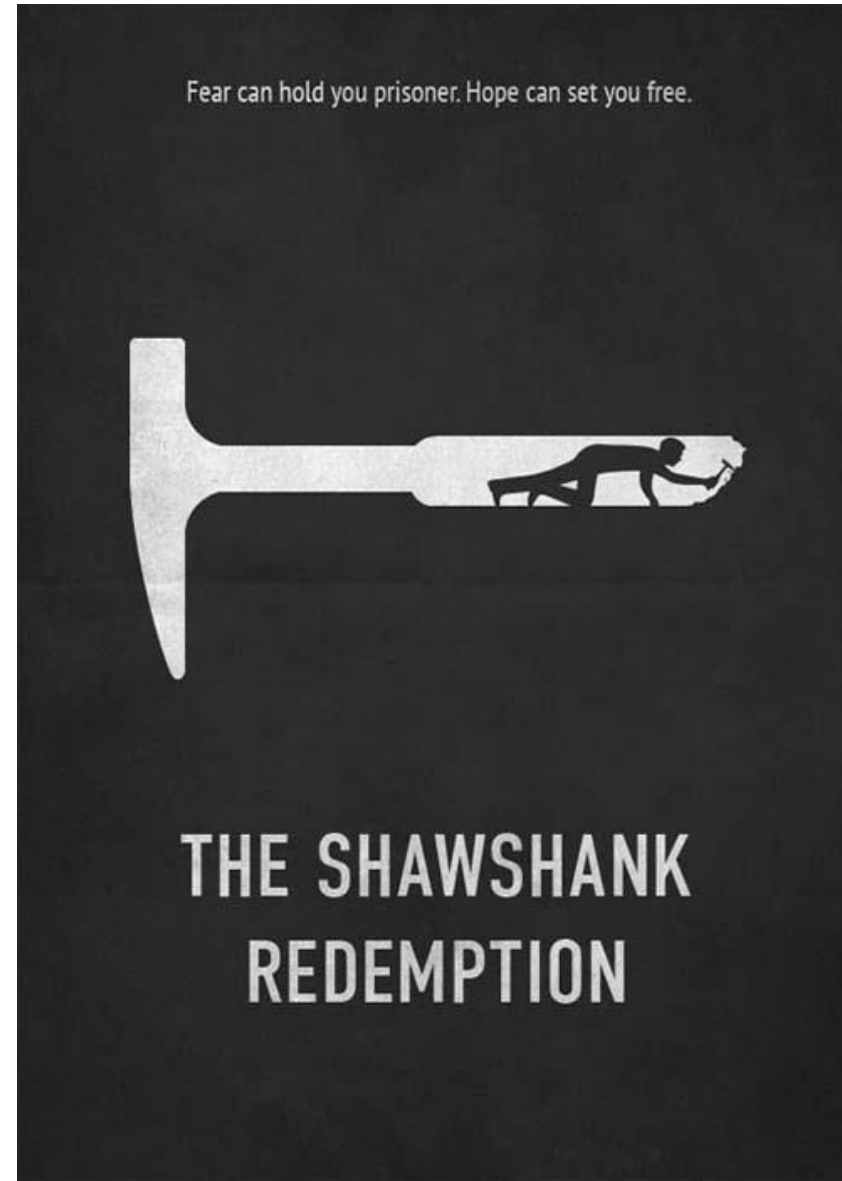
Science of Shoveling
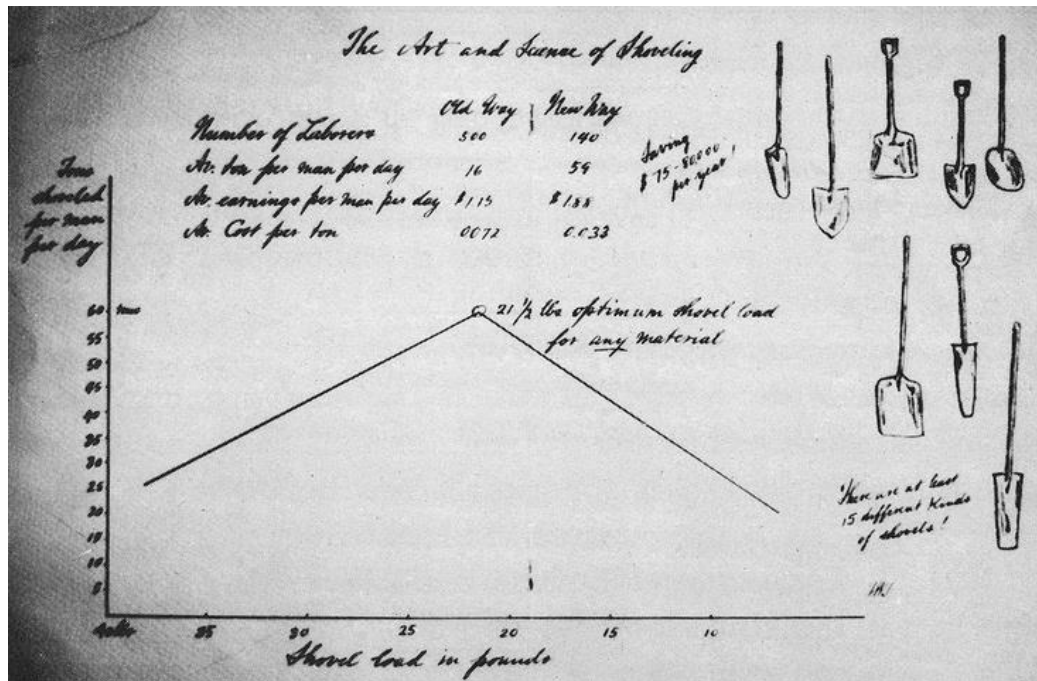
Taylor ran time studies to determine that the optimal weight that a worker should lift in a shovel was 21 pounds. Since there is a wide range of densities of materials, the shovel should be sized so that it would hold 21 pounds of the substance being shoveled. The firm provided the workers with optimal shovels.

Mini Case: FedEx

- Giant companies such as Amazon, McDonalds, and FedEx use a new version of scientific management theory.

- The business model of McDonalds is Speedee Service System.

- The business model of FedEx is hub-and-spoke system.

- When a package is shipped through FedEx, it ends up at one of several destinations around the country. These are the hubs, which is where packages get sorted and tracked.

- From the hubs, packages are then sent to their final destinations. These are the spokes.

Cast Away

Four principles of scientific management

THE PRINCIPLES OF
SCIENTIFIC
MANAGEMENT

FREDERICK WINSLOW
TAYLOR

Four Principles of Scientific Management

- Four principles of scientific management:

    – Replace rule-of-thumb work methods with methods based on a scientific study of the tasks.

    – Scientifically select, train, and develop each employee rather than passively leaving them to train themselves.

    – Provide "Detailed instruction and supervision of each worker in the performance of that worker's discrete task."

    – Divide work nearly equally between managers and workers, so that the managers apply scientific management principles to planning the work and the workers actually perform the tasks.

Bio of Max Weber

- Max Weber (1864-1920) was a German sociologist, historian, jurist, and political economist.

- Key publications:

  - *The Protestant Ethic and the Spirit of Capitalism* (1905)

  - *The Religion of China: Confucianism and Taoism* (1915)

  - *The Religion of India: The Sociology of Hinduism and Buddhism* (1916)

  - *Economy and Society* (1922)

Theory 2: Bureaucratic Management Theory

- Weber categorized social authority into distinct forms:

  - Traditional authority: A form of leadership in which the authority of an organization or a regime is largely tied to tradition or custom (familial and religious).

  - Charismatic authority: A type of leadership in which authority derives from the charisma of the leader (patriarchs, patrimonialism, feudalism).

  - Rational-legal: A form of leadership in which the authority is largely tied to legal rationality, legal legitimacy, and bureaucracy (modern law and state, bureaucracy).

- Weber characterized the rational-legal bureaucracy as the most efficient form of administration.

Theory 2: Bureaucratic Management Theory

- Bureaucratic management or bureaucracy looks at how large organizations with layers of management can operate in an efficient, rational manner.

- Weber's description of modernity:

  - Rationalization: Social actions, social relationships, and social institutions are becoming more "rational" in an instrumental sense.

  - Instrumental or technical rationality: Rationality based on the consideration of the most effective means of achieving the ends.

  - Bureaucracy: The dominant organizing mode of modern society, based on this rationalization process.

Theory 2: Bureaucratic Management Theory

- Weber's ideal-typical bureaucracy, whether public or private, is characterized by:
    - Hierarchical organization;
    - Formal lines of authority (chain of command);
    - A fixed area of activity;
    - Rigid division of labor;
    - Regular and continuous execution of assigned tasks;
    - All decisions and powers specified and restricted by regulations;
    - Officials with expert training in their fields;
    - Career advancement dependent on technical qualifications;
    - Qualifications evaluated by organizational rules, not individuals.

Review Question 1

- During the Industrial Revolution, mass production encouraged which of the following?

    a. A factory system

    b. Piece-mill system

    c. Partnerships

    d. Development of corporations

    e. Specialization of labor

Review Question 2

- Based on his scientific management principles, Taylor suggested which of the following pay principle?

    a. Monthly salary

    b. Monthly salary with bonus

    c. Seniority pay

    d. Incentive pay

Review Question 3

- Which of these is a major criticism of scientific management?

    a. It ignored the social context of work.

    b. It ignored the impact of compensation on performance.

    c. It overemphasized individual differences.

    d. It overemphasized the intelligence of workers.

    e. It emphasized the social context of work.

Review Question 4

- In bureaucracy, rules, division of labor, and hierarchies of authority _____

    a.   affect goal setting.

    b.   restrict the flow of information.

    c.   increase the number of lateral relationships.

    d.   improve organizational efficiency.

    e.   reduce the need to process information.

Review Question 5

- Which of the following items is not a characteristic of bureaucracy as described by Max Weber?

    a. A division of labor

    b. Favoritism among employees

    c. A well-developed hierarchy

    d. Impersonal interpersonal elations

    e. Impersonal interpersonal relations.

Understanding Organization

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