ORGANIZATIONAL THEORIES



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ORGANIZATION

- Greek word ***Organon***: meaning a tool, an instrument or an organ.

- Organizations are tools or instruments to meet goals, objectives and to carry out tasks.



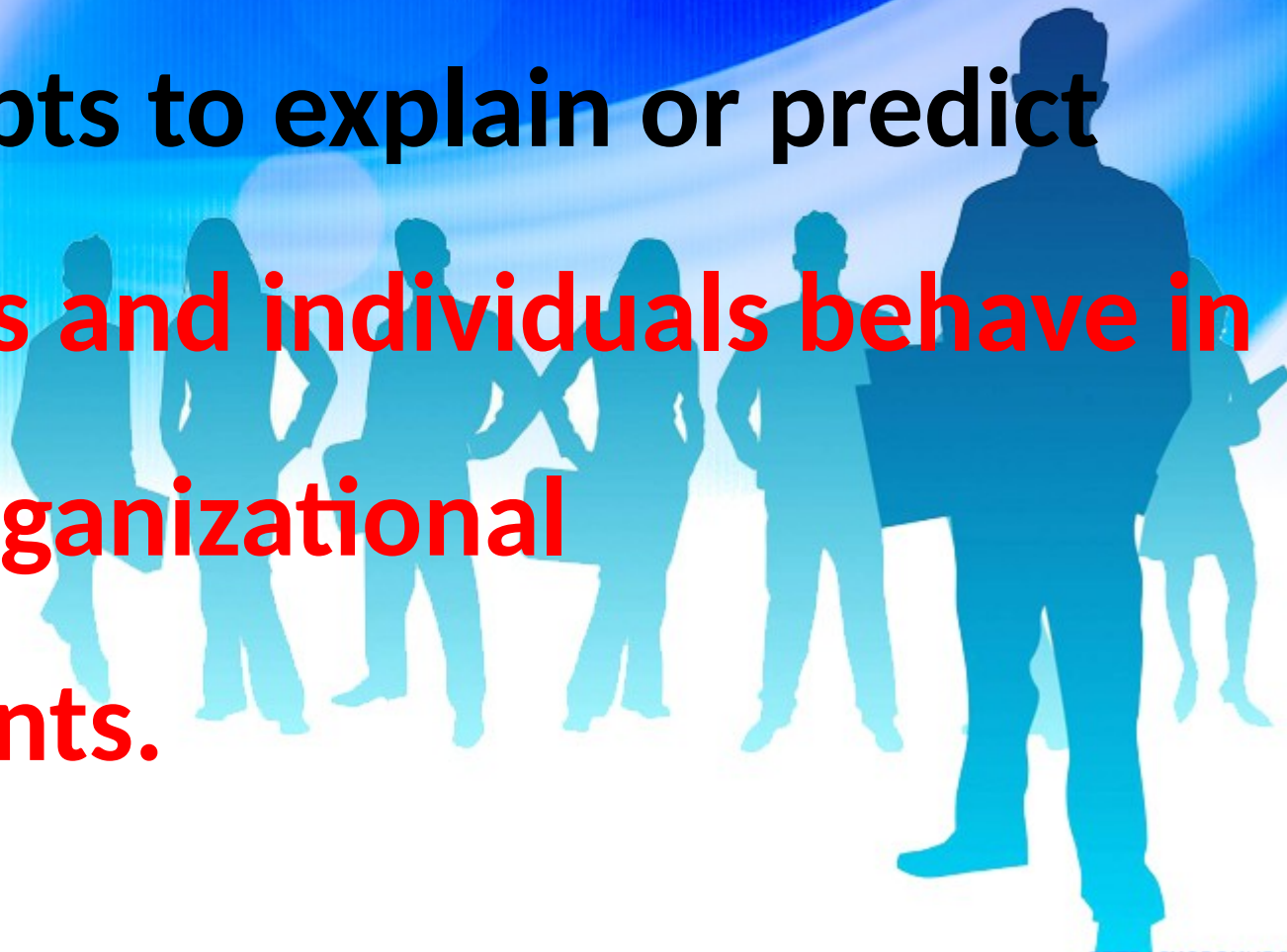
THEORY

- An idea or set of ideas that is intended to explain facts or events
- An ideal or hypothetical set of facts, principles, or circumstances



ORGANIZATIONAL THEORY

- A proposition or set of propositions that attempts to explain or predict how groups and individuals behave in differing organizational arrangements.



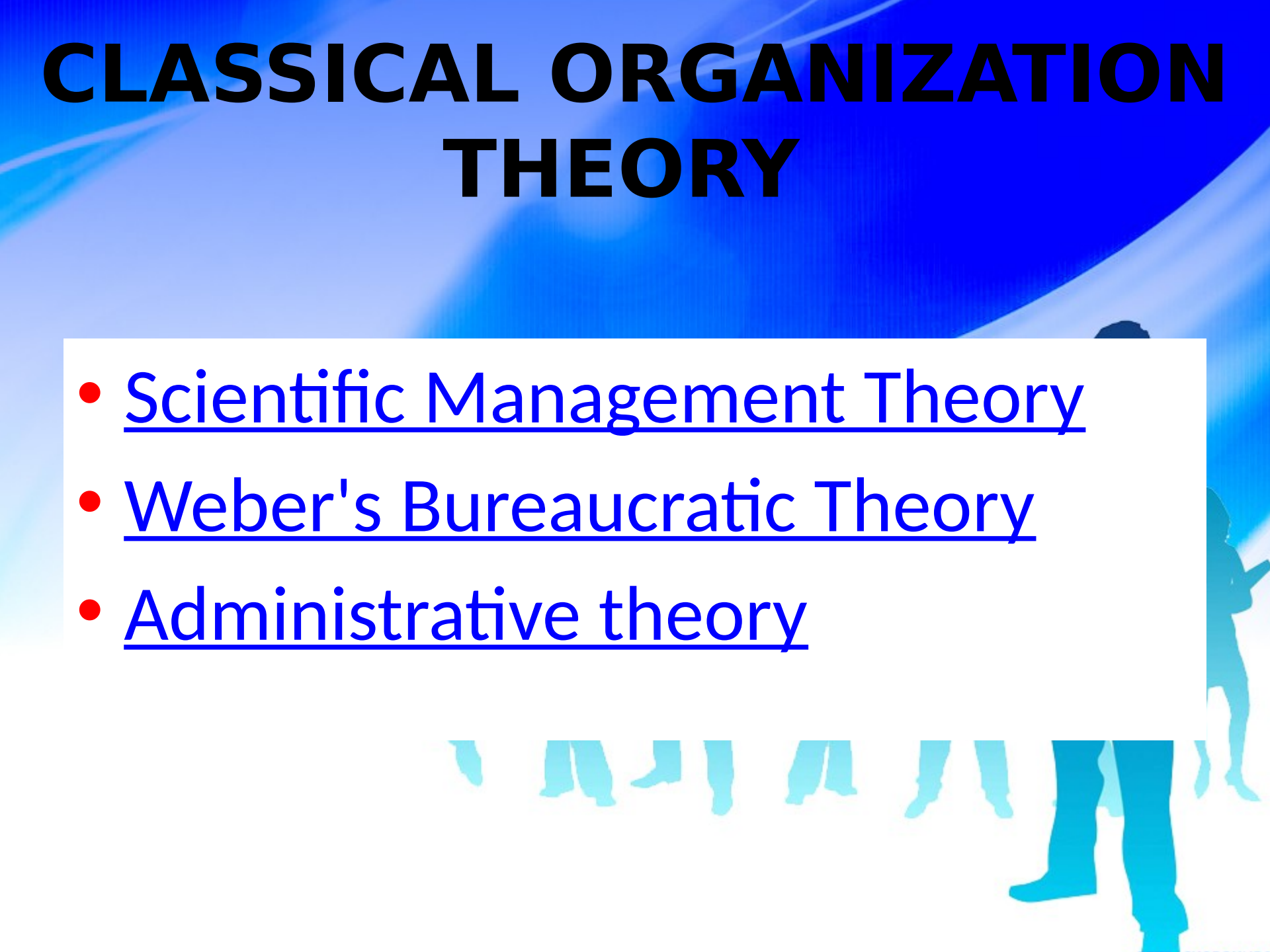
ORGANIZATIONAL THEORIES

1. CLASSICAL ORGANIZATION THEORY
2. NEOCLASSICAL THEORY
3. MODERN ORGANIZATION THEORY



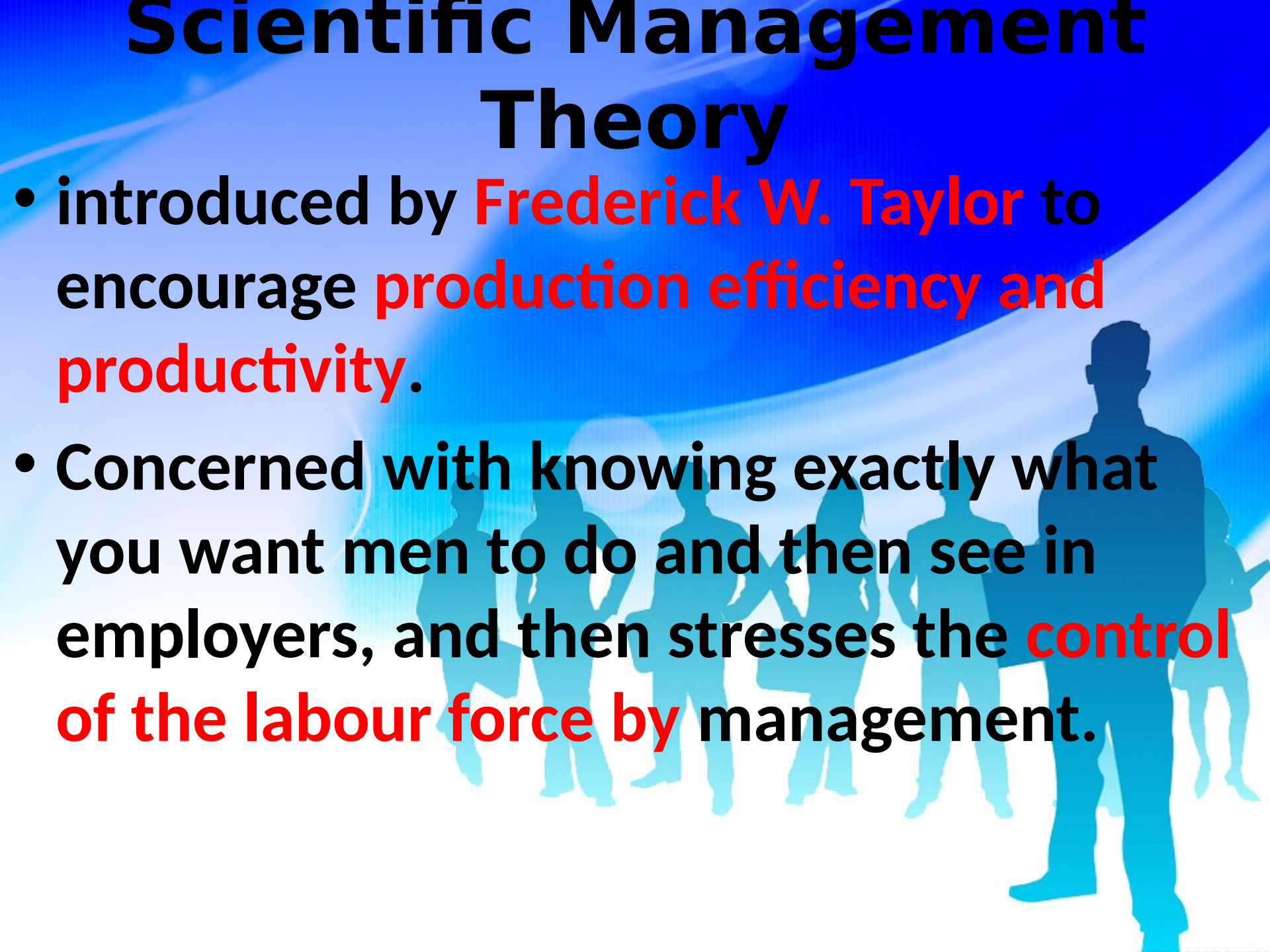
CLASSICAL ORGANIZATION THEORY

- Scientific Management Theory
- Weber's Bureaucratic Theory
- Administrative theory



Scientific Management Theory

- introduced by Frederick W. Taylor to encourage production efficiency and productivity.
- Concerned with knowing exactly what you want men to do and then see in employers, and then stresses the control of the labour force by management.



Principles of Scientific Management

1. The Creation of a scientific method of measurement that replaces the "rule-of-thumb"

2. Emphasis placed on the training of workers by management



Principles of Scientific Management

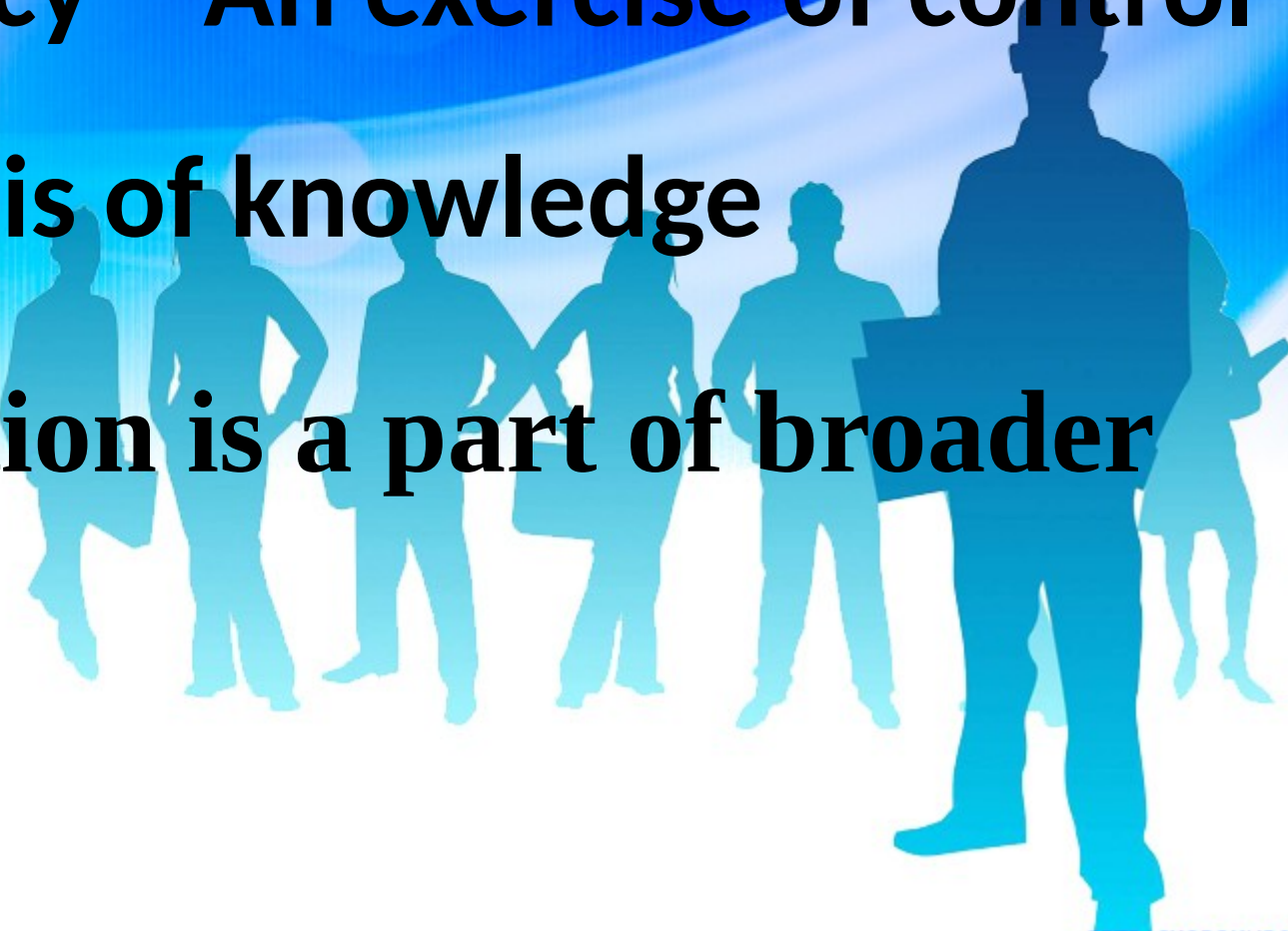
3. Cooperation between manager and workers to ensure the principles are being met

4. Equal division of labour between managers and workers



Max Weber's Bureaucratic Theory

- Bureaucracy – An exercise of control on the basis of knowledge
- Organization is a part of broader society.



Weber's Bureaucratic Theory

- Focuses on
- the organization as a whole

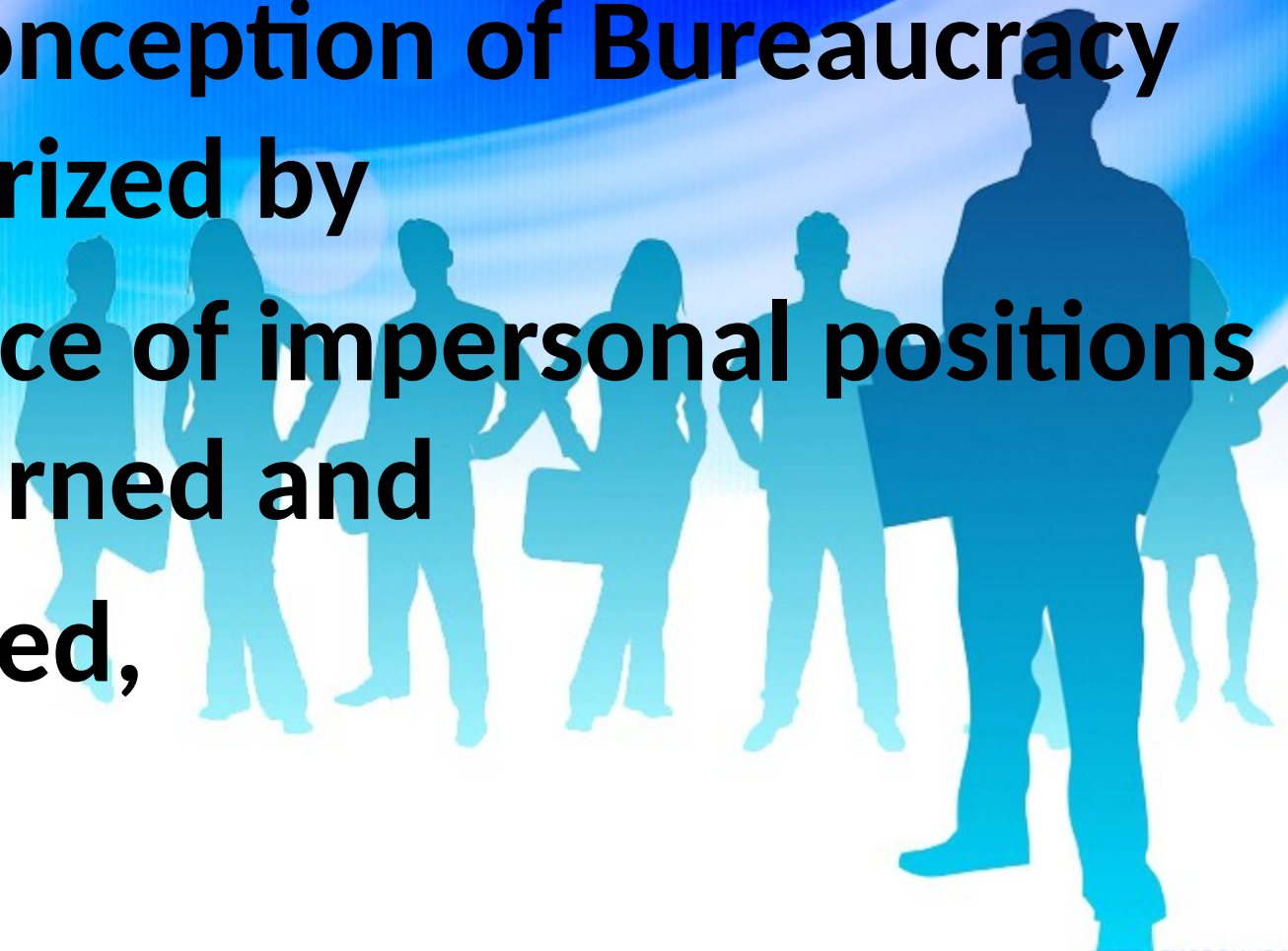


- **The organization is based on the principles of**
- **structure;**
- **specialization;**
- **predictability and**
- **stability;**
- **rationality; and**
- **democracy.**

- **Managing based on**
- **rationale**
- **legal authority was more effective than managing based on subjective criteria**

Weber's Bureaucratic Theory

- An organization governed under Weber’s conception of Bureaucracy is characterized by
- the presence of impersonal positions that are earned and
- not inherited,



- rule-governed decision-making, professionalism,
- chain of command,
- defined responsibility, and
- bounded authority.

Characteristic of Bureaucracy

1. Division of Labor
2. Managerial Hierarchy
3. Formal Selection
4. Career Orientation
5. Formal Rules
6. Impersonality



Administrative Theory

- It is based on several principles of management composed of five management functions :
- planning, organizing, commanding, coordinating and controlling.



14 Principles of Management

1. Division of Work
2. Authority and Responsibility
3. Discipline
4. Unity of Command
5. Unity of Direction
6. Subordination of Individual Interest to General Interest
7. Remuneration/ Compensation



14 Principles of Management

8. Centralization
9. Scalar Chain
10. Order
11. Equity
12. Stability of Tenure
13. Initiative
14. Spirit of Cooperation



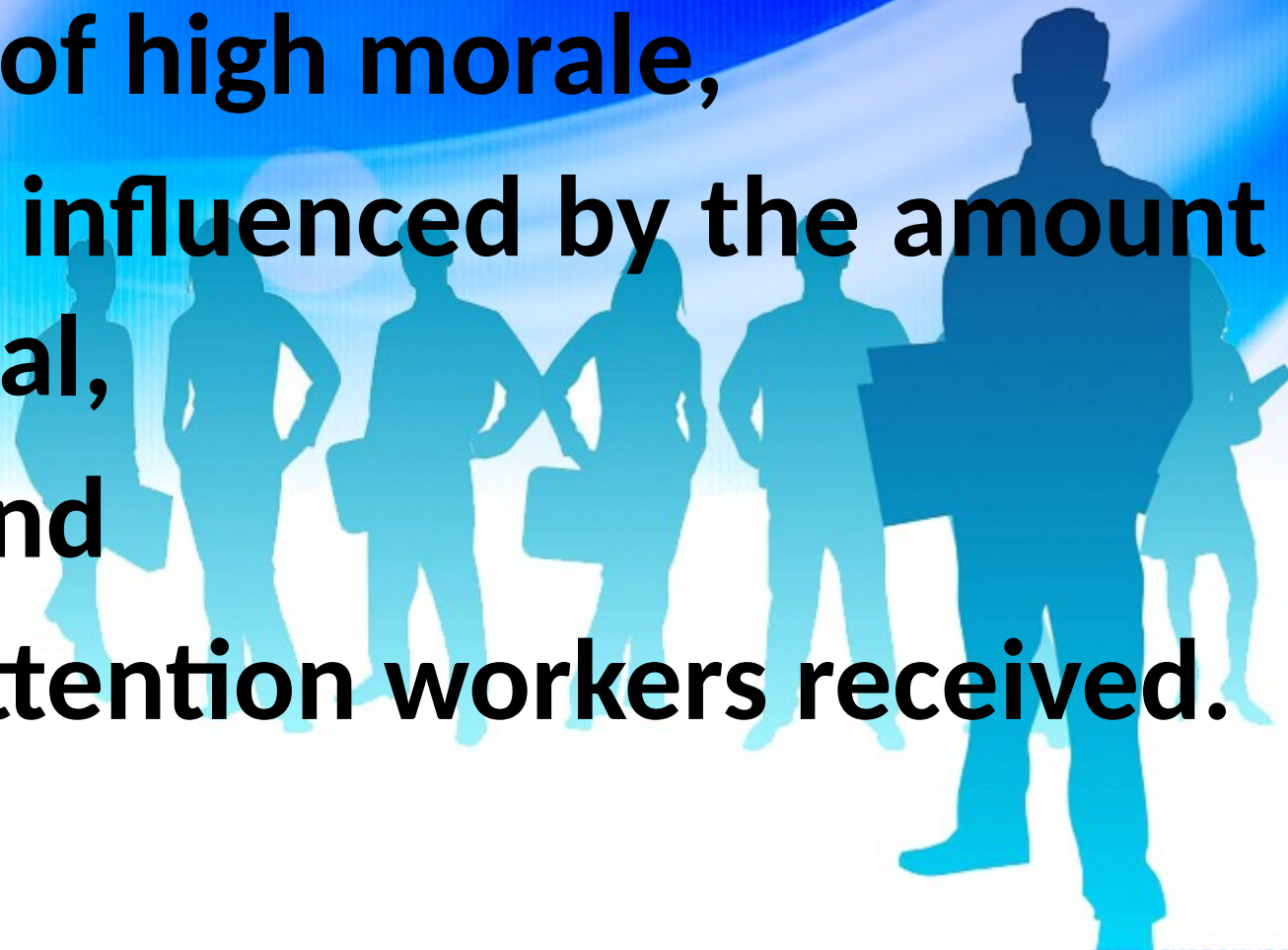
NEOCLASSICAL THEORY (Human Relations Theory)

- It recognized the importance of individual or group behavior and emphasized human relations.



NEOCLASSICAL THEORY

- Productivity increases were achieved as a result of high morale,
- which was influenced by the amount of individual,
- personal and
- intimate attention workers received.



CLASSICAL THEORY vs. NEOCLASSICAL THEORY

- The classical approach stressed the formal organization.
- It was mechanistic and ignored major aspects of human nature.

- In contrast, the neoclassical approach introduced an informal organization structure and emphasized the individual, work group and the participative management.



NEOCLASSICAL APPROACH PRINCIPLES:

- *The individual*
- *The work group*
- *Participative management*

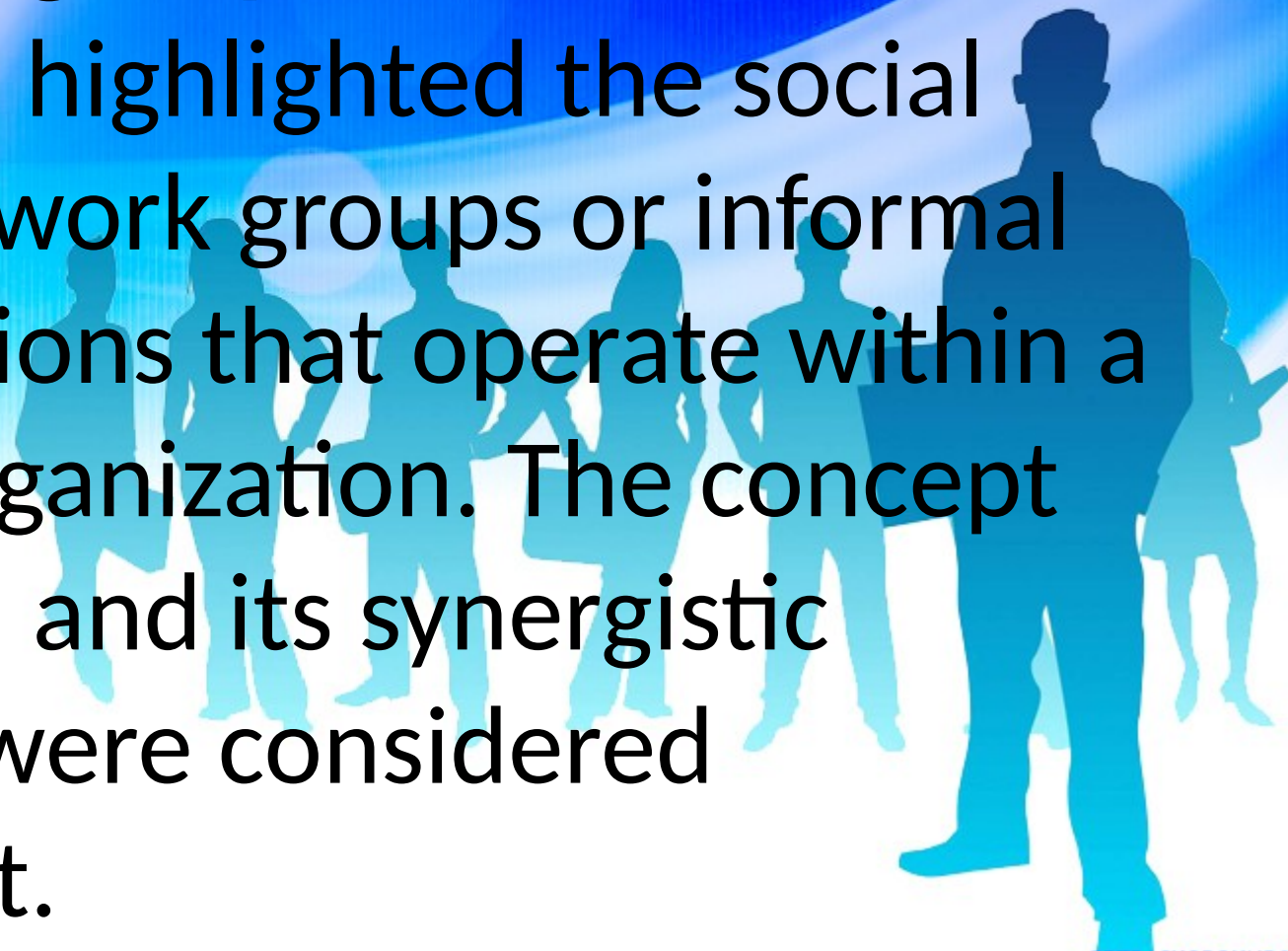


NEOCLASSICAL APPROACH PRINCIPLES:

- *The individual*. An individual is not a mechanical tool but a distinct social being, with aspirations beyond mere fulfilment of a few economic and security works. Individuals differ from each other in pursuing these desires. Thus, an individual should be recognized as interacting with social and economic factors.

NEOCLASSICAL APPROACH PRINCIPLES:

- ***The work group.*** The neoclassical approach highlighted the social facets of work groups or informal organizations that operate within a formal organization. The concept of 'group' and its synergistic benefits were considered important.



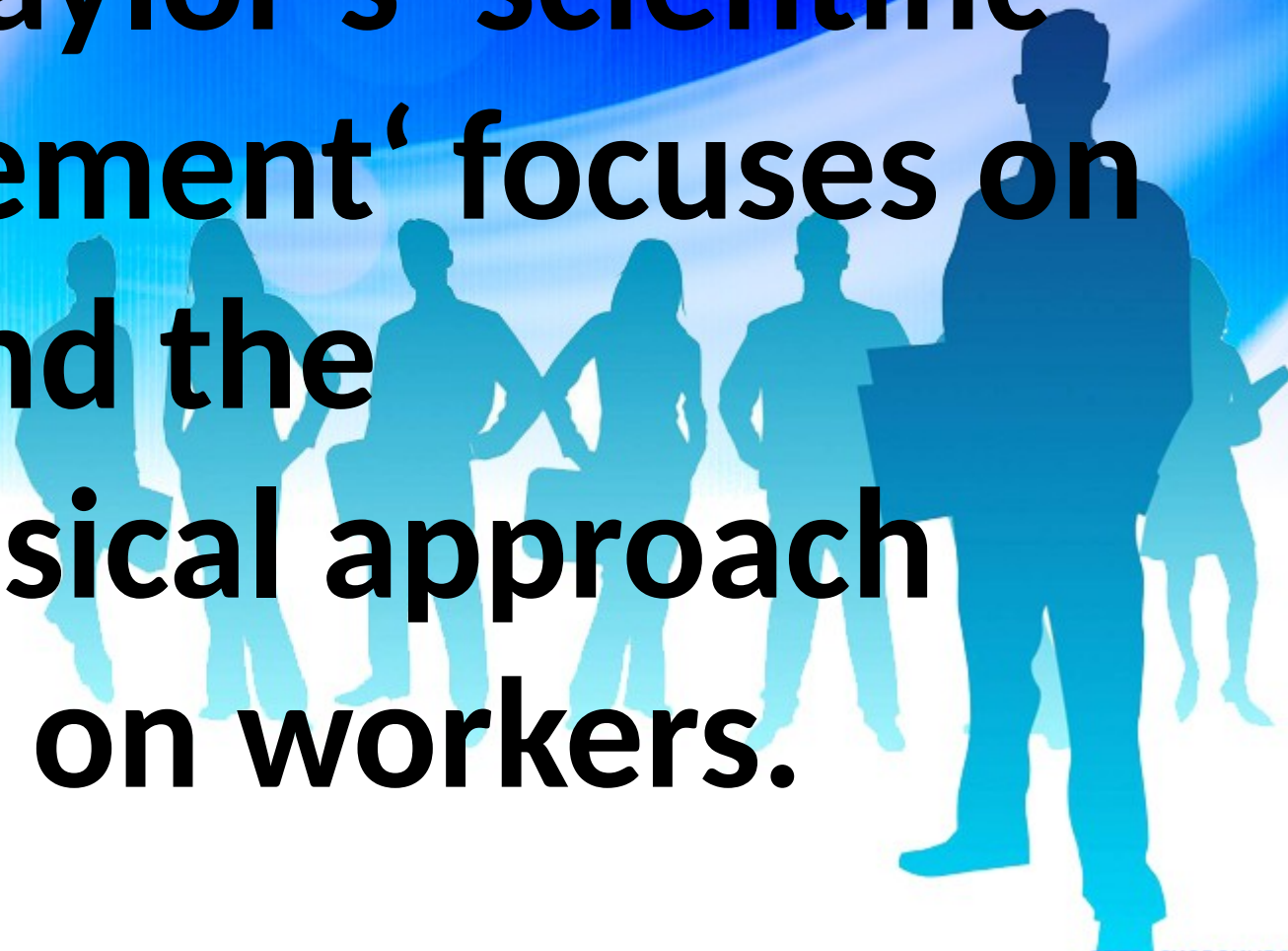
NEOCLASSICAL APPROACH PRINCIPLES:

- ***Participative management.*** Participative management or decision making permits workers to participate in the decision making process. This was a new form of management to ensure increases in productivity.



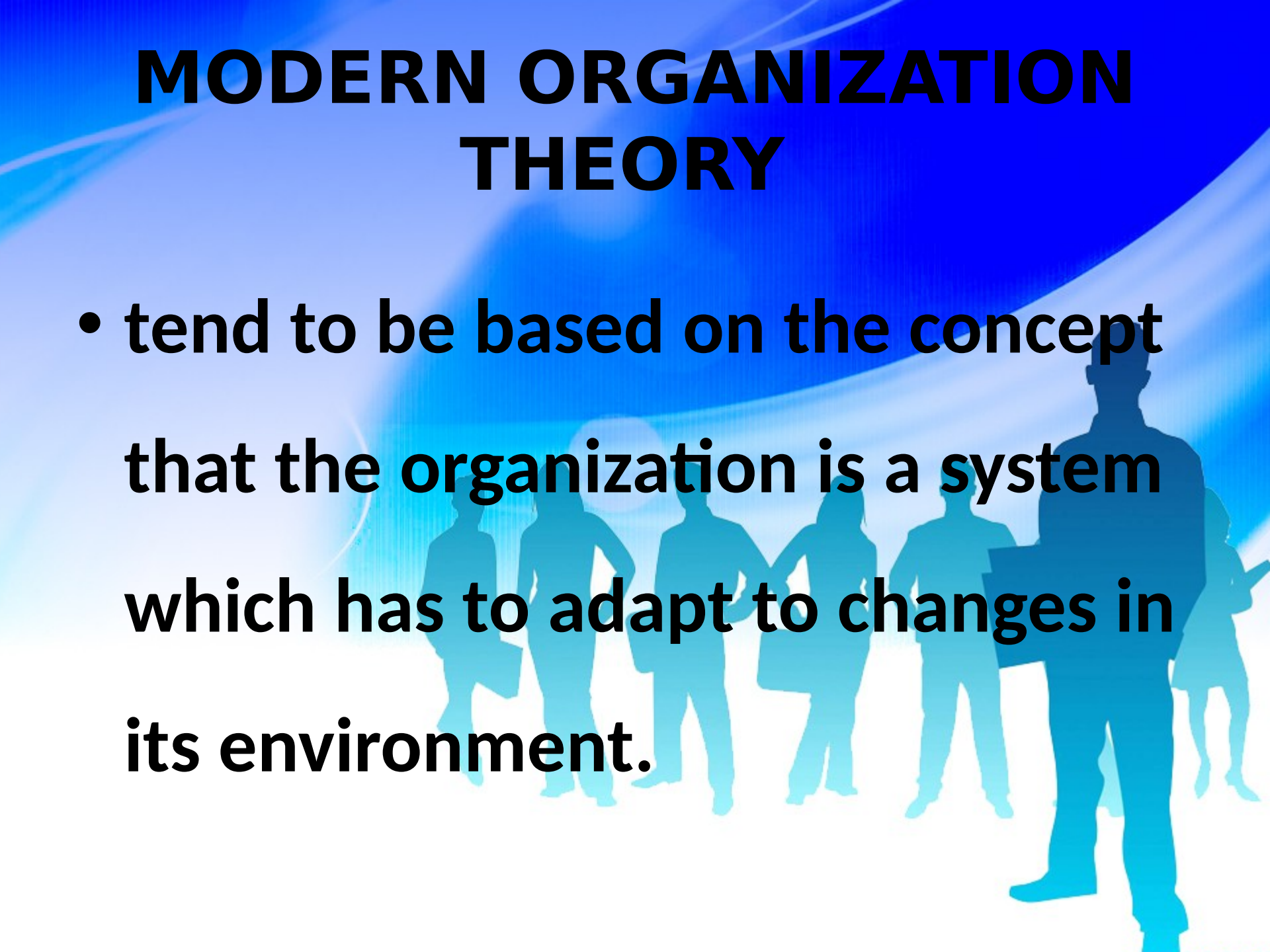
NEOCLASSICAL THEORY

Note: Taylor's 'scientific management' focuses on work and the neoclassical approach focuses on workers.



MODERN ORGANIZATION THEORY

- tend to be based on the concept that the organization is a system which has to adapt to changes in its environment.



MODERN ORGANIZATION THEORY

- Modern theories include:
- The systems & Socio-technical approach
- Quantitative approach
- Contingency or situational approach



Systems Approach

- views organization as a system composed of interconnected - and thus mutually dependent - sub-systems.



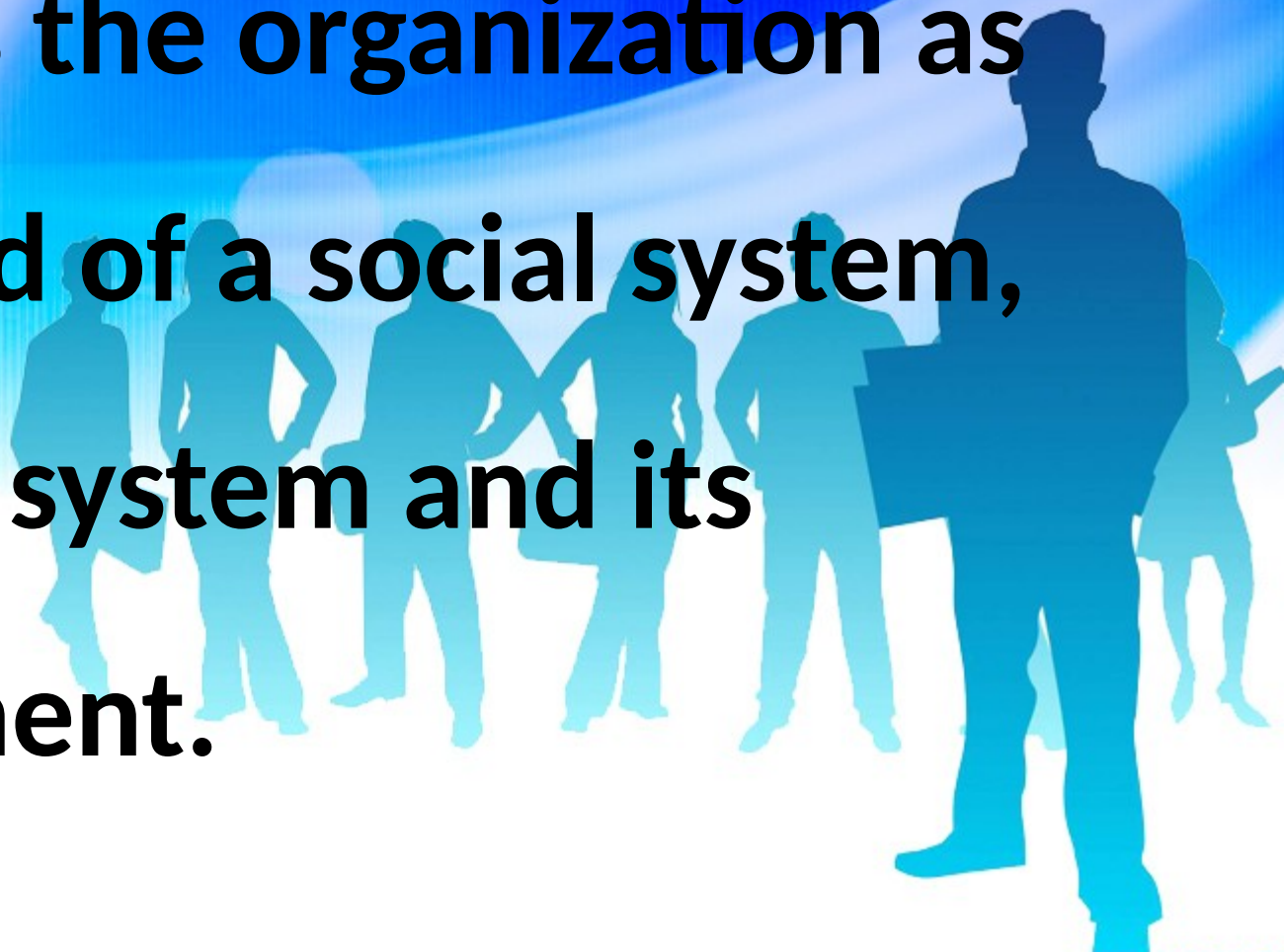
System Types

- **OPEN SYSTEM- a system that continually interacts with the environment around it**
- **CLOSED SYSTEM- a system independent of the environment around it**
- **SUB-SYSTEM- a system that is part of a larger system**



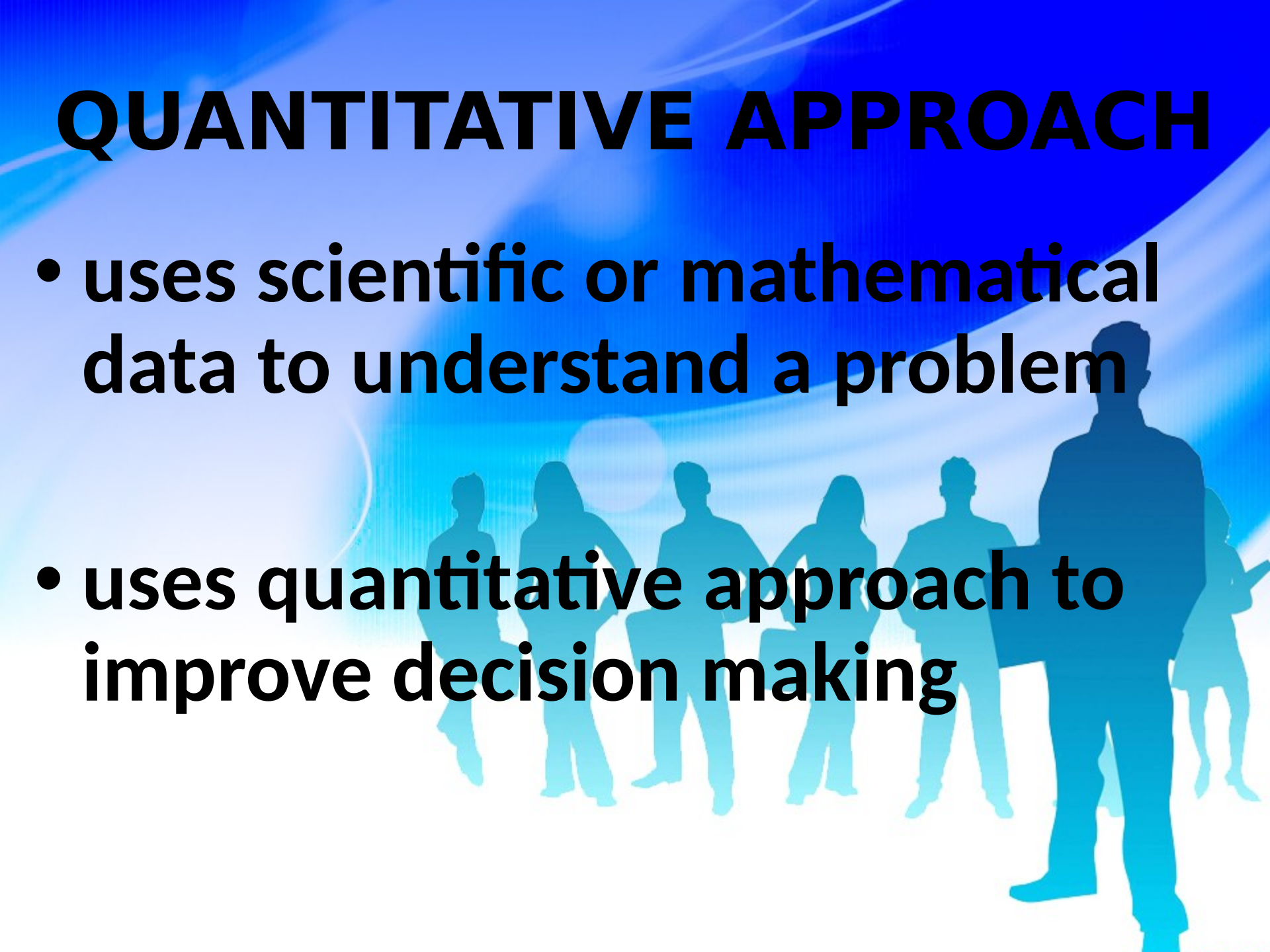
SOCIO-TECHNICAL APPROACH

- considers the organization as composed of a social system, technical system and its environment.



QUANTITATIVE APPROACH

- uses scientific or mathematical data to understand a problem
- uses quantitative approach to improve decision making



QUANTITATIVE APPROACH

- Branches:
- 1. Management Science
- 2. Operations Management
- 3. Management Information System



QUANTITATIVE APPROACH

- Management Science - emerged to treat the problems associated with global warfare



QUANTITATIVE APPROACH

- Operations Management - focuses on managing the process of transforming materials, labor, and capital into useful goods and/or services



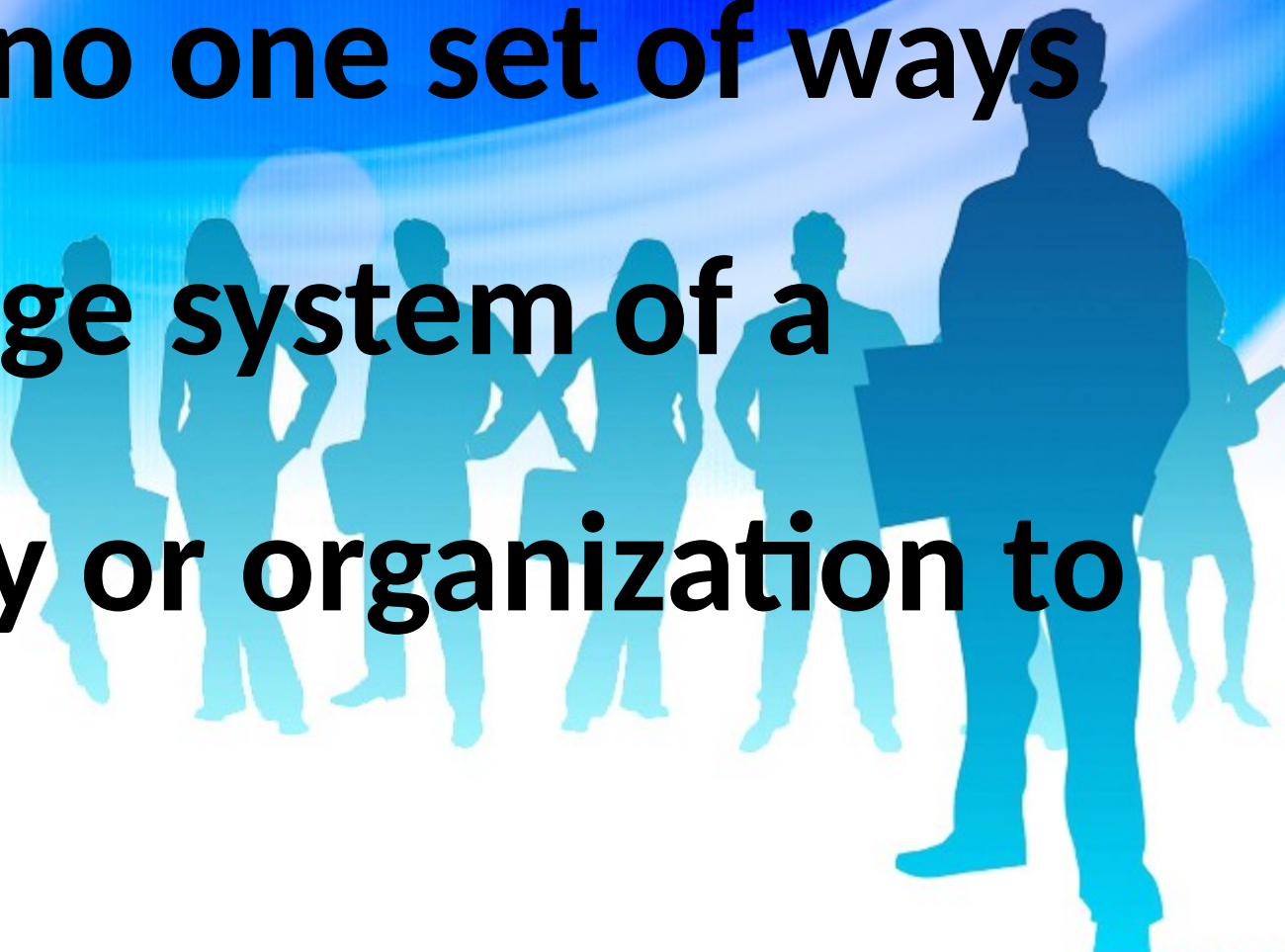
QUANTITATIVE APPROACH

- Management Information System - focuses on designing and implementing computer-based information system for use by management



Contingency or Situational Approach – (Fred Edward Fiedler - 1964)

- there is no one set of ways to manage system of a company or organization to lead.



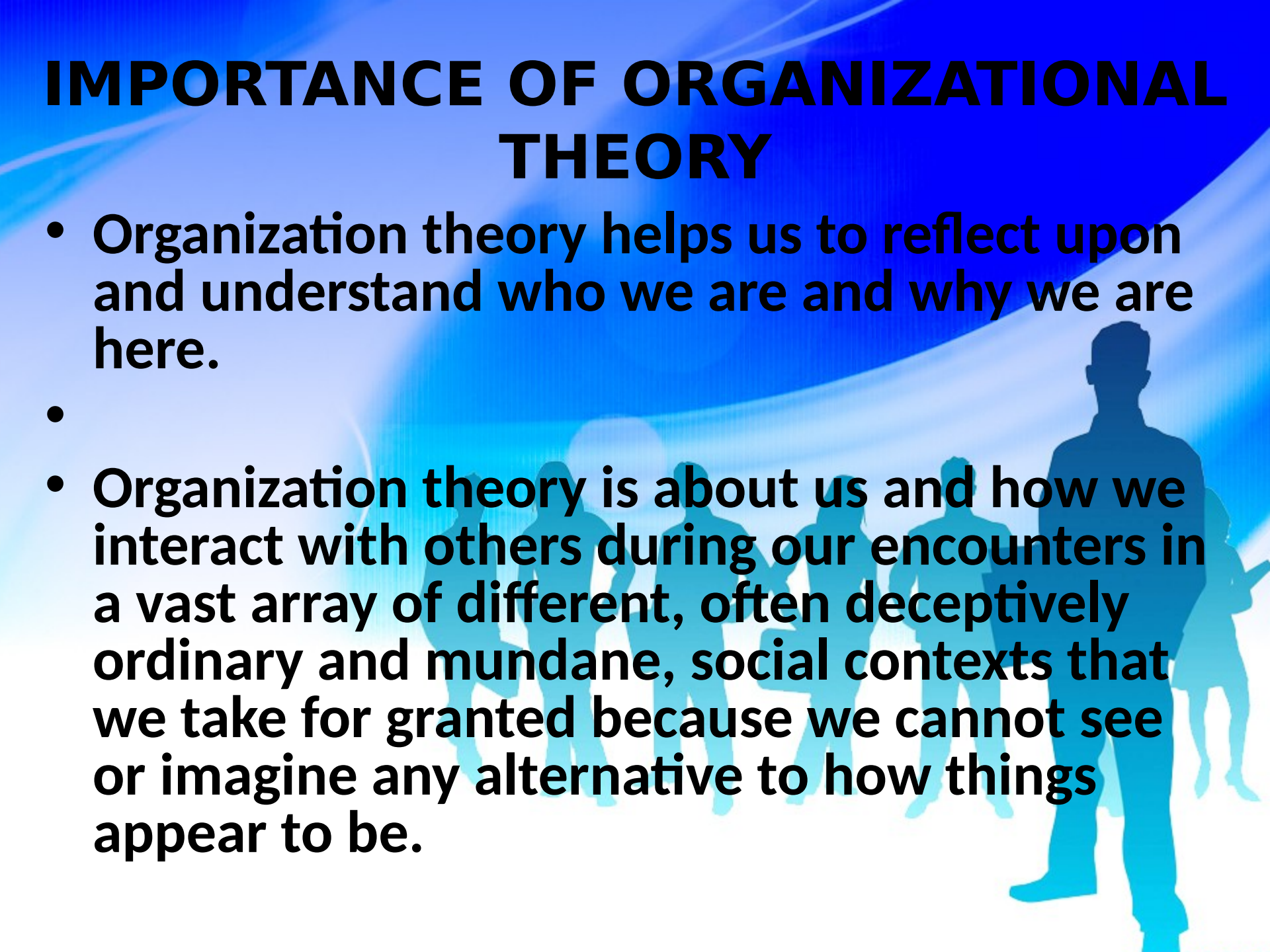
Contingency or Situational Approach

- Contingency theory factors:
- -The size of the organization
- -How the firm adapts itself to its environment
- -Differences among resources and operations activities



IMPORTANCE OF ORGANIZATIONAL THEORY

- Organization theory helps us to reflect upon and understand who we are and why we are here.
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- Organization theory is about us and how we interact with others during our encounters in a vast array of different, often deceptively ordinary and mundane, social contexts that we take for granted because we cannot see or imagine any alternative to how things appear to be.



THANK YOU!!!

