FACULTY OF JURIDICAL SCIENCES

Lecture-13

MAX WEBERS THEORY

The Max Weber theory of bureaucracy is a part of classical management theory. It originated around the time when F.H. Taylor gave his theory of scientific management. Apart from him, Max Weber and Henri Fayol were some of the most influential theorists in the field of management. Weber defined bureaucratic management and proposed theories of effective management that are still used in the corporate industry.

At the end of the 19th century, it was German sociologist and author of The Protestant Ethic and the Spirit of Capitalism (1905), Max Weber who was the first to use and describe the term bureaucracy. This is also known as the bureaucratic theory of management, bureaucratic management theory or the Max Weber theory.

He believed bureaucracy was the most efficient way to set up an organization, administration and organizations. Max Weber believed that Bureaucracy was a better than traditional structures. In a bureaucratic organization, everyone is treated equal and the division of labor is clearly described for each employee.

Bureaucracy definition: "Bureaucracy is an organizational structure that is characterized by many rules, standardized processes, procedures and requirements, number of desks, meticulous division of labor and responsibility, clear hierarchies and professional, almost impersonal interactions between employees".

According to the bureaucratic theory of Max Weber, such a structure was indispensable in large organizations in structurally performing all tasks by a great number of employees. In addition, in a bureaucratic organization, selection and promotion only occur on the basis of technical qualifications.
Bureaucratic Theory and legal responsibility

According to the bureaucratic theory of Max Weber, three types of power can be found in organizations; traditional power, charismatic power and legal power. He refers in his bureaucratic theory to the latter as a bureaucracy. All aspects of a democracy are organized on the basis of rules and laws, making the principle of established jurisdiction prevail.

The bureaucratic management theory, introduced by Max Weber stated that to manage an organization efficiently, it is essential to have a clear line of authority along with proper rules, procedures and regulations for controlling each business operation. Bureaucracy refers to the possessing of control over a group of people or activities through knowledge, power or authority.

This theory focuses on the following two primary criteria:

- developing a hierarchical system in the organization;
- Defining clear procedures, methods, rules, and regulations to carry out business operations and transactions.

Weber believed that there could be only three kinds of power in the organization:

- **Traditional**: In traditional authority, the workers (considered as servants) are dependent upon the leader (lord) working as their servants and following the stated rules and regulations blindly.
- **Charismatic**: Under charismatic power, due to the extraordinary personality of the managers, the workers are deeply motivated to perform their best on the task allotted to them. However, this charisma may fade away with the manager's lay off, resignation or demise.
- **Legal-Rational**: In legal-rational power, the workers either need to abide by the legal rules or the naturally applicable laws. In short, the entire employee needs to follow a consistent set of principles.

Advantages

Weber's bureaucracy theory has been widely applied in the era of the 1900s by the business entities, government organizations and political associations.

The benefits of this approach are explained in detail below:

Specialization or Expertise: In bureaucracy management, the work is divided among the employees according to their skill, capabilities and expertise, which results in job specialization in the organization.

Skill-Based Recruitment: The employees are recruited by matching their skills and experience with that required for the vacant job position to ensure that the right person is placed at the right job.

Predictability: When there is a systematic hierarchy and defined rules and methods of performing the complicated tasks in the organization, actions in similar situations become somewhat predictable for the management.

Equality: The management remains unbiased towards the employees and ensures a fair-judgment at the time of any issue or problem in the organization.

Structure: A systematic organizational structure can be developed through bureaucracy where the rules, regulations, methods and procedures are pre-defined.

Systematic Record Keeping: This approach focuses on systematically recording all the business transactions and operations in documents to be used by the other employees in future.

Rationality: The recording of operations brings rationality, i.e., framing the laws, rules, regulations and procedures for future, based on the experience

<u>Disadvantages</u>

One Way Communication: The bureaucracy theory emphasizes on the passing of information, i.e., tasks, orders, rules and regulations, from the top-level management to the bottom level; however, feedback concerning the operational issues and other suggestions are not taken from the employees.

The exploitation of Power: In a bureaucracy, managers have a higher authority which can be misused by them to meet their interest or to dominate their subordinates.

Wastage of Time, Efforts and Money: It involves the recording of all the business transactions and operations to create documents which require a lot of time, money and efforts of the personnel.

Delay in Business Decision-Making: The top-level management keeps the decision-making authority with itself. Therefore, the lower-level managers have to rely upon the top-level managers, even in the case of any emergency or situations demanding immediate action.

Hinders Innovation and Creativity: The supervisor controls every activity of the employees, which ultimately restrict the subordinates to apply creativity and innovation to their work.

Inflexible and Rigid Methods: The bureaucracy theory does not entertain any change or modification in the management system, which makes it quite rigid.