

Theories of Organisation: Classical Theories

1. Introduction to Classical Theories of Organisation

INTRODUCTION The classical theories of organization are the major theories of organization that are referred to by every other theory of organization. They have, thus, shaped the evolutionary path of the field of organization studies. Historically, classical theories of organization emerged in the last half of the 19th century and the very early 20th century during the industrial revolution. Society witnessed, for the first time in history, Western manufacturing giants producing goods on a massive scale. This was accomplished with the use of factories where there was a large concentration of workers working with carefully designed machinery in various types of production lines. The work on the division of labor set the tone for appreciation of enormous efficiency and effectiveness of mass production. This also inspired the rise of 'Scientific Management', which caught the imagination of the world and established itself as the primary school of organization theory for close to half a century. Scientific Management was followed by another major school of organization thought known as Administrative Management. For over five decades, these two schools, that together make up the classical theories, had a massive impact on the practice of management.

The signature feature of the classical theories of organization is an advocacy for some universal managerial 'paradigm'. In scientific management, the emphasis is on 'structure' or the ways in which an organization is composed or put together. In this case, an organization is viewed as a universal whole where agents can be observed box-like in their responsibilities and relationships. The classical theories are known variously as 'Classical Organization School', 'Classical School of Organization', and 'Classical Theory of Organization'. They are oftentimes used interchangeably. Classical theories represent the antithesis of contemporary theories, which stress 'people' in organizational thinking. In contrast, classical theories are more concerned with efficiency and productivity from resources, mainly men, money, machines, and materials. Classical theories are said to have deeply influenced modern businesses as they have been and still are used widely. The period of these theories' emergence saw industry, like management, in a state of chaos resulting from too many ad-hoc practices on the part of management. Management, faced

with numerous challenges of maneuvering their establishments in a state of flux, had to innovate in order to solve new challenges. This has always been with us as managers pursue ways of making the business history of today a thing of the past.

2. Scientific Management

Scientific management provided a critical approach for the management of organizations. It aimed at the optimization of labor productivity and efficiency, particularly in the utilization of time, and went deeply into the details of performance management and improving job design. The key principle of scientific management is systematic observation and measurement. The work was designed to achieve the most efficient or effective actions needed to carry out the job based on scientific measurement of performance. Taylor is usually seen as the father of scientific management, although he was building on the work of others.

Taylor's work was developed with the help of employee Frank Gilbreth, rather than just being an intellectual exercise, and came up with well-researched and tested theories, unlike the management revolutionaries of the 1980s who did so on the basis of political dogma rather than research. The principles of scientific management have broad applications to all aspects of human behavior. This helps explain why scientific management has been enjoyed and adapted to the multitude of uses to which it has been applied. A good example of this is the way scientific management principles have been incorporated. There is criticism of the scientific management approach as it is felt to reduce the worker to a component of a machine. Critics feel that it oversimplifies human conduct in the workplace. However, such criticisms do not detract from the relevance and application of the concept for today's managers in achieving organizational effectiveness. Many 20th-century organizations have applied scientific management principles. In the automotive sector, Ford applied scientific management principles in his moving assembly lines to increase the efficiency and profitability of the production process. This drove down the unit cost of production and finally the selling price. Ford also sought to exert high control over his workforce by monitoring work very closely. He set production levels and monitored every employee's work performance and drove them to work at high levels of output.

2.1. Concepts and Principles

INTRODUCTION This topic assumes that many activities within organizations have a common structure and vary mainly in complexity. They are conceptualized as a

series of tasks that are a means to some end. This series of tasks may include the tasks of managers, planners, and scientific principals rather than just machine tending. This suggests that narrow observational studies of a small range of tasks ought to have implications for many more complex activities. Consequently, it is necessary to have explicit features of these studies to provide a basis for this topic. This sub-section does this by opening the 'black box' of Taylor's analysis and elaborating upon key concepts and principles. Other classical theorists may be referred to, but the emphasis is upon Taylor.

2.1. Concepts and Principles Here, the main principles of Taylor's 'science of management' will be considered. It provided the criteria for assembling exact knowledge and isolating the causes of events to enable predictive control of, and coordination within, organizations perceived as systems of coordinated activities. One of the first tasks of the Taylorist managers was to gather data at the level of the work activities to which they applied.

This was not solely concerned with particular 'efficiency of movement' as time and motion study would suggest, but in information systems which could begin to provide a basis for managers to match people and tasks in an increasingly functionally specialized workforce. Gantt's concern with improving the 'cost of future work' was taken up by both Parker and Follett as follows: tasks are generally divided between medium and long-range plans and routine execution.

2.2. Key Contributors

Frederick Winslow Taylor (1856-1915). F.W. Taylor's most significant and innovative work in the classical school of thought was his applied analysis of increasing worker efficiency in high-volume, time-sensitive production scenarios. Taylor used a scientific method based on time and motion studies to divide work into very small, repetitive tasks, simplifying the work to a point where almost anyone could be trained to do it. In essence, he believed that there was "one best way" to do every job, and it was the role of managers to discover that way. According to Taylor, once the fastest and most efficient method of performing any particular job was found, standardization of tools and work processes should follow. Taylor rightly predicted that the outcomes of his theory would be an increase in productivity and a decrease in labor inputs.

Frank and Lillian Gilbreth (1868-1924/1878-1972). Frank and Lillian followed developments in scientific management, modified, and most significantly added

their ideas to those of Taylor. The Gilbreths are best known for their time-motion studies. However, what made their work so significantly different was the level of detail that they went into. Lillian, in particular, seemed to take an interest in processes that did not involve work. Both Gilbreths also sought to refine Taylor's tools and improve workplace productivity, but they also took the time to try and apply their motion studies at home to family members, which was unique and creative. There is usually some emphasis on Frank here due to his dying so much earlier than his wife Lillian, but during their work together, it appeared that real creativity had come from Lillian, in contrast to some of the ways they were portrayed as a couple.

2.3. Applications and Criticisms

Applications of Macutlan Analysis For some time, numerous organizations considered that the scientific management approach offered ideas that could be applied generally across a wide range of organizations and industries to increase output while reducing costs. Whatever organizational sub-system you were in—production, accountancy management, or indeed any other department—using the principles of the scientific management approach would provide a set of step-by-step recipes for making the function more efficient. This wide-ranging recognition caused the widespread application of the principles close to the start of the last century across numerous public and private organizations ranging from private for-profit companies to government agencies.

Criticisms of Macutlan Analysis One set of criticism that can be aimed at Macutlan analysis is to do with the perception of work and workers. Much of the analysis is concerned with the mechanistic and economic aspects of work relations and has been criticized for ignoring the social environment. For example, questions can be raised about:

1. the human aspect of work. Alienation, boredom, disillusion with work, and feelings of frustration are the consequences of jobs characterized by high specialization.
2. Over-reliance on machine pacing to set job rates. Jobs should be designed to provide for inherent work motivation.
3. Low labor turnover can be bad. A balance needs to be reached.

'Top management must balance the material needs of the organization with the positive and negative moral and social impacts generated.'

3. Bureaucratic Theory

Bureaucratic theory is a model of an organization that is concerned with investigating the formal organizational structure in its own right. Based on the

concept of rational legal authority, bureaucratic theory aims to develop an understanding of an organization that facilitates the understanding of organizational behavior. It identified six key characteristics of an ideal type of organizational structure, which is called bureaucracy. Formal organizations are necessary for productivity and efficiency. A formal organization is the best means of ensuring that an organization achieves its intended goals.

Organization must be structured in such a way that is predetermined by an agreed-upon chain of command and the system of structural positions, called bureaucracy, which follows from that arrangement. The concept of authority has been highly influential in both classical and contemporary organization theory.

In general, a bureaucracy is an administrative system whereby the majority of decision-making on complex issues is made by state officials instead of elected officials. There is considerable emphasis on the need for a formalized system of organization to make the attainment of organizational goals more efficient. Given the formal insights offered, modern organizational theory and management practice often share some of bureaucracy's key features. While organizations may vary considerably, their bureaucratic elements may be significant. Historically, the impact of the chain of command in guiding business directors or the fact that staff is required to work under externally agreed rules and norms used to be considered the essence of bureaucracy.

3.1. Max Weber's Contribution

Max Weber is an economist and a political sociologist. His major work provides theoretical insight into various spheres of organizational structuring. As a sociological scholar, his theory about bureaucracy is regarded as the most prominent of all the classical theories. He introduces the concept of an 'ideal bureaucracy' and discusses some of its characteristics. Often, this is known as the bureaucratic theory of management. Weber visualizes the system of bureaucracy as an ideal system because it governs control over an extreme degree of rationality and order. The prime aspects of the bureaucratic organization are rationality and order. The requirements of the formal-rational economic results act as motivated actors in an orderly manner.

Weber differentiates the formal organization from the informal organization. The formal organization refers to the structure of the end of an organization built with reasonable intentions. One of the preconditions for creating formal organizations is

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to have command or authority. It is the authority that maintains appropriate relations between individual performances for group interest. In a rational, formal bureaucracy, authority traces the patterns and reasoning, rather than custom and force. Bureaucratic authority is considered to be a matter of duty, not of personal advancement. Thus, with proper appointment and assignment of responsibility, a clear-cut and systematic way of structuring relationships among the members is carried on. Documentation of such roles and duties is made in both writing and prescribed orders. With the help of systematic and disciplined accumulation of documentation, the formation of a position-rank gradient becomes possible.

Weber envisages that in a rational formal bureaucracy, every aspect of work has to be systematically designed, authority is exercised based on official position, and membership of the organization is full-time and professional. All these characteristics that he visualizes with a rational formal bureaucracy are based on his observation that they are the only integrating force that can hold such a formal organization. Weber was clear in his argument: an element of discretion should not be present in organizations; rather, an efficient organization is one in which spontaneity is eliminated, roles are clarified, and positions are specialized. He argues that such absence of spontaneity can occur only through a clear-cut specification of the rights and obligations associated with every position. Role, in Weber's view, is the primary concern for achieving coordination at individual levels. As a rational form of organization, bureaucracy ensures that, through documents and archives, one would have a fixed definition of rights and duties within such a structure. Organizations with such complete documentation become secondary sources of sustenance for achieving role clarity in an organization. Criticism: Weber's model of bureaucracy has been criticized for potentially stifling creativity, leading to dehumanization of work, and being undemocratic. It does not empower individuals for self-regulation and growth.

Beyond the range of compelling empirical evidence, recognizable historical context, and noteworthy contemporary case studies, the practical and conceptual relevance of classical organization theory needs to be cultivated. For some time, our society has been evolving into a complex, formal structure. Weber provides an explanation for the presence of such formally structured groups in contemporary society. The rational-legal bureaucratic form of organization has become the dominant force. The aim of contemporary social analysis shall be to understand the causes underlying this accelerating social phenomenon. Thus, in one of its primary

contexts, Weber's relevance lies in comprehending and analyzing the structure of complex organizations and human behavior within them. In short, Max Weber explained how to structure all organizations.

3.2. Characteristics of Bureaucracy

Max Weber and Frederic Taylor started the mechanistic theorists of organization; the existence of the formal organization was seen as an important constraint within the environment. Thus, rules of how society could be viewed were laid down, which could be fitted in with systems. These mechanistic views, such as those of Weber and Fayol, were intended to be normative rather than descriptive. These theorists of organizations represented just one view. However, their ideas have become so popular with normative theorists that they must be considered the classical view of organization.

Weber put forward the essential characteristic of bureaucracy: (1) a clear hierarchy of authority and responsibility within an organization; (2) a well-defined division of labor within the organization along functions; (3) a system of formal rules and procedures where authority is legitimated; (4) a system of formal relation status between levels of power; (5) a clear separation of economic and other areas of life. Weber saw the principal limitation for organizations as the lack of specialization of skills and job content. The partition of labor is sometimes described as differentiation.

Bureaucracy also needs to harness skills by using written communication, interview records of meetings, and other techniques such as time and motion study. Bureaucratic techniques appeal to such areas as education because the system is independently verifiable and exceptionally parsimonious in the use of techniques. In an organization, the very first bureaucratic selection was viewed by Weber as the principle of professional competence, where ability was assessed before a post was taken. The main defect of the bureaucratic industrial system is essentially the very lot of it. Bureaucracy is more concerned with routine in small, narrow environments. Economic action, whatever its motivation, does take place. The ideas of mechanism do have a formidable appeal and are largely accepted as descriptive rather than normative. The main criticism of the mechanism and bureaucratic ideas of organizations is that they are very close to society of the past. Another criticism is that they are seen as being normative – that is to say, this is how an organization should be managed and structured in order to run efficiently.

There are also various problems – for example, it gets a very slow response time because of the routine; as well, there is a career structure that is likely to be rigid, making the response to change very difficult. The rather inflexible adherence to written rules and procedures laid down in detail means that there can be severe problems in keeping the person in charge and in the lower levels on the right track. Organizational sociologists have long ceased to argue whether an organization should be bureaucratic, since several surveys show that at least some of the characteristics take at least partly in most organizations. Properly understood, the analysis of bureaucracy is an indispensable aid to managing the bureaucracies that most of us must belong to, and those of us who are administrators, particularly within an organization having a classic bureaucratic structure, must understand the operation of bureaucracy if we are to act effectively as independent agents.

4. Administrative Theory

Administrative theory was developed primarily by Henri Fayol. Fayol attempted to create a set of principles of management that would enable the manager to more effectively direct their organizations. Although Fayol's works on general and industrial management are no longer widely read, his theories often represent the default principles and ideas in business. There are fourteen principles of administration developed by Henri Fayol. Some of the principles are division of work, authority, discipline, unity of command, unity of direction, etc.

Fayol's definition of management is that, generally, all organizations require goals and direction. This is the responsibility of the management team. This includes managing the organization, planning, and monitoring, as well as regulating the middle management's staff activities that work under them. Management primarily constitutes decision-making, planning, human resource management, arranging, and giving directions. According to the administrative theory, every organization is formed with two types of employees: technical and managerial.

Employees with technical skills lead the production domain, while the manager controls the entire company. A counselor or figurehead has coercive authority. Any employee who reports to only one officer can make decisions according to the guiding instructions. There are two divisions under the command of management. The first is "pocketing," which encompasses all kinds of exchanging details among staff. "Connecting" is the functioning of the group in an efficient, interconnected way. Administrative theory also focuses on maximizing workplace development

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while saving expenses. In addition, the impressive techniques and tactics address financial economic issues. Fayol proposed that the practices he developed are applicable in the private company or community sector. According to Fayol, as the owner of businesses, these are reliable practices that affect profit. Therefore, the owner can access all of the information needed to succeed. In public and private companies, these practices are similarly inclined, thereby enhancing good governance. Therefore, the administration concept applicable to private and public entities is essential. The concept discusses the details from a management perspective. Administrative ideas are intended to enhance effectiveness and output in an institution. Every department may accept a diminished chance of loss. Also, people in an industry. Fayol's principles could be expensive to embrace due to the effort required, as the mechanism has a basic rule of raising the policy direction. It may be complicated in the last ten years to interpret the ethicalities and the rules. Administrative principles are critical to this day, expressing society's wants in the company. Fayol's contributions highlight the relevance of administrative theory to contemporary organizations favoring efficiency and effectiveness. Fayol's depiction of the functions' control is rich in detail and timeless. Fayol's principles are thought of as the fundamentals on which contemporary management theories of planning, organizing, leading, and controlling are based.

4.1. Henri Fayol's Principles of Management

Introduction Fayol stands out as a pioneering figure due to the length of his career and the nature of his work. His innovative administrative ideas began to take shape as he gained experience in the coal-mining industry in the 1860s, and he devised them by working through a wide variety of problems encountered in practice. It was management in large organizations that he made his key focus of study. He sought to develop a 'science of administration' to be used as a standard reference point for managers and administrators working in all types of organizations. It was not a behaviorist perspective, a narrow scientific study of jobs, or a study of choice dynamics and decision-making; it was a resource to help managers make decisions within their own particular settings based on the positive features and values of management itself. His new theory needed both a fundamental basis and a clear language for it to be understood. To get down to the basic elements of his work, Fayol identified an array of 'principles of management' that he believed could help management stand on an objective and scientific basis. 1. Division of work: specialization and efficiency. 2. Authority: managers must have, combined with

responsibility, the right to give orders. 3. Discipline: employees must respect the rules or contract that govern the organization. 4. Unity of command: an employee should receive orders from only one superior. 5. Unity of direction: one cohesive plan and organization that facilitates company-wide policy. 6. Subordination of individual interest: the interests of any one employee should not take precedence over those of the organization as a whole. 7. Remuneration. 8. Centralization. 9. Scalar chain: authority and communication operate within channels. 10. Order: the right materials and people should be in the right place at the right time. 11. Equity: kindness and justice are important, as well as treating employees kindly and justly. 12. Stability of tenure: long-term employment is important. 13. Initiative: taking on work should be encouraged. 14. Esprit de corps: a sense of unity.

5. Classical Organisational Theory

The concern with the structure and functioning of organizations gave birth to what is known as "organizational theory" in the closing years of the nineteenth century. Classical organizational theory is a set of interrelated ideas and recommendations about building a hierarchical structure, specialization, and formalization of organizations, which would in turn deliver an efficient form of organization. Hierarchy is essential to any definition of an organization; specialization is required for an optimal allocation of tasks and effort; and formalization makes it possible to specify the way tasks have to be done. The extension of these organizational features will culminate in an organization that will be efficient. In this section, we will introduce the four main themes of classical organization theory and investigate the contribution of key figures to this body of thought. A primary concern of those interested in organization is how best people should be arranged and organized. Two of the most important predictors of organizational structure are specialization and formalization. Classical organization theory increased the emphasis on the function that the structure played in organizational functioning. It sought to demonstrate how the shape of the organization could be coupled with the business strategy, which suggested that the structure would be appropriate for a specific set of circumstances. Classical organization had a strong concern with the degree to which one unit should be differentiated from another and argued that the more effective an organization would be, the simpler the internal organizational structure of departments would be and the stronger the formal lines of authority. A strong form of this argument was the scalar principle, which argued that management

should limit the number of individual subordinates who reported to any one superior.

5.1. Key Concepts and Theorists

The classical approach represents the early, dominant perspective of organizational behavior, its emphasis being on the structuring of organizations. The core themes of this approach are concerned with: specialization, the division of labor, authority, responsibility, and associated forms of organizational structure. Although many different thinkers have made key contributions to this approach, any set of key theorists for this approach would have to include the so-called three classics of scientific management.

These three classics are usually not described as a trio or as a school of thought, yet elements of their work are consistent with one another. This chapter selects the so-called three classics to represent the classical approach in the study of organizations, believing that by focusing on these three figures, a coherent view of the main classical theoretical approach can be crafted.

We will explore the relevance of the themes they developed – particularly as developed by these figures – and we shall evaluate the critique of classical organization theory. Classical organization theory comes under scrutiny by the so-called human relations approach, for instance, with critiques of the classical tradition including the claim that it is fundamentally mechanistic, cold, and dehumanizing in its depiction of the workplace and of human beings, who are held to have emotional, social, political, and cultural sides to themselves as well. If the classical approach is taken to be one that is, above all, concerned with the structuring of organizations, then this criticism could be seen as an indictment of the inability of the classical perspective to encompass the complexity of human life, including the inchoate, ideological, fuzziness of organizational life.

6. Comparative Analysis of Classical Theories

A comparative analysis of various classical theories discussed in the last section can help us understand the similarities and differences between them. Scientific management, bureaucratic theory, and administrative theory are discussed in this unit along the dimensions of: (1) foundational assumptions, (2) methodology and tools, (3) organizational implications, and (4) contemporary perspectives. These theories extend as well as complement each other. In addition, the paper

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summarizes the implications of these theories for contemporary management. Despite substantial contributions made by some classical theories, questions concerning adaptability and responsiveness continue to be asked in organizational paradigm literature.

Throughout the last section, we discussed the basic principles, dimensions, research conducted, and arguments provided by key theorists. This section constructs a comparison matrix based on these and other dimensions that we consider to be the most important: foundational assumptions about organizations and organization members; methodological approach followed in theory development; tools or processes of theorization; organizational implications; and contemporary perspectives offered in these theories. They complement each other so that a multidimensional understanding of management and organizational effectiveness is obtained. Critical reflection is offered on the theories in this section concerning numerous other dimensions. Whereas classical management thought, as represented by scientific management and general administrative and bureaucratic theory, treats societal-level input in the organization as a critical productive factor, the impact of studies considers groups as critical components of the production systems representing informal organizational elements and suggests the importance of motivation. Scientific management theories fix targets for each worker based on the division of work. For example, in Indian Railways, it is not less than 100 wagons that are found to shorten the life of a workman. Bureaucratic theories also mention the assigning of work to be done by each worker. For example, it was suggested that Indian Railways convert the then-existing double lines into four-line railways. Administrative theories were also based on the division of work. Researchers found that telling workers how to do the job will not increase productivity. Though scientific management is geocentric, neither general administrative theories nor bureaucratic theories are geocentric. Management theories together are called inclusive and decentralized management as they involve everyone in decision-making. In addition, people matter much in the organization. In short, we can say that classical management thought treats production and organization systems as inverse producers. The change in management style occurred in the latter half of the twentieth century, and the then-existing concepts of managerial man escaped the industrial lenses.

7. Relevance and Criticisms of Classical Theories in Contemporary Organisations

While there remains an ongoing dialogue and debates by present-day management thinkers concerning the relevance of classical principles to modern management practice, many practitioners in contemporary organizations tend to use the principles reflected in both the classical approach and contemporary management theories. Classical theories continue to influence contemporary management thinking in four areas. Firstly, principles of bureaucracy govern many modern organizations. Secondly, concepts of planning, coordination, control, organizing, command, and separation of powers on the basis of the hierarchical structure are evident in many organizations' practices. Thirdly, organizational structures frequently reflect the principle of departmentalization given the influence of size, technology, environment, and strategy on organizational design. The disadvantage of classical theories is that they do not reflect the social environment associated with work, thereby igniting rebellious behavior in the form of non-compliance, not putting in any effort, sabotage, and pilfering. It is thus evident that the classical theories of organization advised on applying the same management practice to everybody. This can be problematic when a great deal of flexibility is required as opposed to conforming. Those in charge tend to act under the assumption that everybody is able to innovate; thus, being innovative becomes a coefficient quality. This is not necessarily the case when risk-taking is difficult as opposed to being neutral. (Oyibo and Gabriel2020)(Valeri, 2021)(Burawoy, 2021)(Ritzer & Stepnisky, 2021)(Monteiro & Adler, 2022)(Lemert, 2021)(Simpson & den Hond, 2022)(De Landa, 2021)(Taylor, 2020)(Jepperson & Meyer, 2021)

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