

2.10: Bureaucratic Management

Learning Outcomes

- Explain the concept of bureaucratic management.
- Summarize the work of Max Weber.
- Summarize the work of Henri Fayol.

Scientific management was concerned with individual tasks and how workers could do those tasks most efficiently. Around the same time that Frederick Taylor was developing his theory of scientific management, other theorists were considering entire systems, such as government departments and large businesses, and trying to figure out how to manage them more effectively. The most influential of these theorists were Max Weber (pronounced Vay'-ber), and Henri Fayol. Between them, they defined the characteristics of organizations and the functions of managers that we still accept today.

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Max Weber proposed bureaucracy as the optimum form of organization.

Max Weber and Bureaucratic Theory

Weber was born in Germany in 1864 and grew up during the time when industrialization was transforming government, business, and society. Weber was interested in **industrial capitalism**, an economic system where industry is privately controlled and operated for profit. Weber wanted to know why industrial capitalism was successful in some countries and not in others. He believed that large-scale organizations such as factories and government departments were a characteristic of capitalist economies.

Weber visited the United States in 1904 to study the U.S. economy. It was here that he observed the spirit of capitalism. He noted that capitalism in the United States encouraged competition and innovation. He also realized that businesses were run by professional managers and that they were linked through economic relationships. He contrasted this with capitalistic practices in Germany where a small group of powerful people controlled the economy. In Germany, tradition dictated behaviors. People were given positions of authority based on their social standing and connections, and businesses were linked by family and social relationships.

Weber was concerned that authority was not a function of experience and ability, but won by social status. Because of this, managers were not loyal to the organization. Organizational resources were used for the benefit of owners and managers rather than to meet organizational goals. Weber was convinced that organizations based on **rational authority**, where authority was given to the most competent and qualified people, would be more efficient than those based on who you knew. Weber called this type of rational organization a **bureaucracy**.

Weber identified six characteristics or rules of a bureaucracy. They are summarized in the following table.

Six Rules of a Bureaucracy

Characteristic of the Bureaucracy	Description
Hierarchical Management Structure	Each level controls the levels below and is controlled by the level above. Authority and responsibilities are clearly defined for each position.
Division of Labor	Tasks are clearly defined and employees become skilled by specializing in doing one thing. There is clear definition of authority and responsibility.
Formal Selection Process	Employee selection and promotion are based on experience, competence, and technical qualification demonstrated by examinations, education, or training. There is no nepotism.
Career Orientation	Management is separate from ownership, and managers are career employees. Protection from arbitrary dismissal is guaranteed.
Formal Rules and Regulations	Rules and regulations are documented to ensure reliable and predictable behavior. Managers must depend on formal organizational rules in employee relations.
Impersonality	Rules are applied uniformly to everyone. There is no preferential treatment or favoritism.

Weber thought bureaucracy would result in the highest level of efficiency, rationality, and worker satisfaction. In fact, he felt that bureaucracy was so logical that it would transform all of society. Unfortunately, Weber did not anticipate that each of the bureaucratic characteristics could also have a negative result. For example, division of labor leads to specialized and highly skilled workers, but it also can lead to tedium and boredom. Formal rules and regulations lead to uniformity and predictability, but they also can lead to excessive procedures and “red tape.” In spite of its potential problems, some form of bureaucracy is the dominant form of most large organizations today. The “pyramid” organizational structure, with responsibility split into divisions, departments, and teams, is based on principles of bureaucracy. It is used by nearly all large corporations. Weber’s idea that hiring and promotion should be based on qualifications, not social standing, is built into U.S. labor laws.

? Practice Question

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Today, the term “bureaucracy” has taken on negative connotations. It is associated with excessive paperwork, apathy, unresponsiveness, and inflexibility. This is unfortunate, as Weber’s ideas have spread throughout the industrial world and transformed the way organizations are run and structured. Your school is probably structured as a bureaucracy. If you have shopped at a department store, it is a bureaucracy, and your city government is also a bureaucracy.



Henri Fayol founded the school of administrative management.

Henri Fayol and Administrative Theory

Henri Fayol was born in Turkey in 1841. Although older than Weber, he witnessed many of the same organizational developments in Europe that interested Weber. Fayol was a mining engineer who became the head of a large mining company. He wanted managers to be responsible for more than just increasing production. The story goes that he came to this insight when a mine was shut down after a horse broke a leg and no one at the mine had authority to purchase another. Fayol saw this as a direct failure of management to plan and organize the work. Following this, Fayol began experimenting with different management structures.

He condensed his ideas and experiences into a set of management duties and principles, which he published in 1916 in the book *General and Industrial Management*. Fayol incorporated some of Weber's ideas in his theories. However, unlike Weber, Fayol was concerned with how workers were managed and how they contributed to the organization. He felt that successful organizations, and therefore successful management, were linked to satisfied and motivated employees.

Fayol's five duties of management were as follows:

- **Foresight:** Create a plan of action for the future.
- **Organization:** Provide resources to implement the plan.
- **Command:** Select and lead the best workers through clear instructions and orders.
- **Coordinate:** Make sure the diverse efforts fit together through clear communication.
- **Control:** Verify whether things are going according to plan and make corrections where needed.

These duties evolved into the four functions of management: planning (foresight), organizing (organization), leading (command and coordinate), and controlling (control).

Fayol also proposed a set of fourteen principles that he felt could guide management behavior, but he did not think the principles were rigid or exhaustive. He thought management principles needed to be flexible and adaptable and that they would be expanded through experience and experimentation. Some of Fayol's principles are still included in management theory and practice, including the following:

- **Scalar chain:** An unbroken chain of command extends from the top to the bottom of the organization.
- **Unity of command:** Employees receive orders from only one superior.
- **Unity of direction:** Activities that are similar should be the responsibility of one person.
- **Division of work:** Workers specialize in a few tasks to become more proficient.

? Practice Question

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Key Points

The work of Weber and Fayol forms the basis of management theory and practice still in use today. Weber's rules for bureaucracy govern most large organizations, from multinational organizations to armies, hospitals, and universities. Fayol's duties of

management help us understand the functions of managers in any type of organization.

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