

# Free essay on theories of management rights

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Business Dictionary (2013) defines management rights as options reserved for the management in managing an organization found in many corporate laws. These include core and operational rights such as determination of budget, mission and strategy of the organization as well as rights to hire, fire, direct or assign employees. The following essay seeks to differentiate residual and trusteeship theories of management rights as well as explain the differences in determining the management's responsibilities in each. According to Zack (1989), under residual or reserved theory of management rights, the management retains all the authority not relinquished to the union by the collective agreement. This clause on management's rights may be specific or general. It may stipulate that all rights except those negotiated away in the particular contract provisions be retained by the employee or specify that the management has the right to hire, fire or to discipline the employees with just cause (Zack, 1989).

The trusteeship theory of management rights view is based on that the management has other responsibilities besides maximizing the managerial authority (Sloane & Witney, 2010) since there are no special rights of management (Sauer & Voelker, 1993). It is because senior managers are educated people and therefore they are responsible for the welfare of their employees who may be uneducated based on moral and not religious obligations. Therefore, the employers hold their properties and profits in trust for the employees, themselves and the society (Sauer & Voelker, 1993) based on the assumption that the employees are not able to look after their interests like establishing welfare programs, which include social insurance and housing.

However, most organizations follow the residual theory since the management is looking after their own rights. The trusteeship theory is difficult to follow especially if the profit margins are low but it is the better option that promotes employee and employer satisfaction through showing interest of employee growth by the management.

## **References**

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