A Theoretical Introduction and Perspectives on the nature of Organization

Bryan Collings

ORGANIZATIONS FROM VARIOUS PERSPECTIVES

Simon in **Shafritz, Ott and Jang** present a scathing attack on the shallowness of some of the basic principles of organizational theory. He refers to some of the principles as being somewhat 'proverb' in orientation and suggests that sound theory should be able to present a basis for what is true and what is false. He supports his view by indicating that for every organisational principle, there appears to be a reasonable and rational contradictory principle and he states that there is nothing in the theory to point to which alternative to apply in practice.

He substantiates his critical view through an analysis of these contradictions in the context of four common administration efficiency 'principles' proffered in the literature: task specialization, hierarchy of authority, span of control, and the grouping of workers according to purpose, process, clientele or place. He states that these principles are so clear that they should therefore be unambiguous and easy to test empirically. He indicates that this is not the case.

With respect to *specialisation*, the principle is stated in such a manner as to suggest that efficiency flows from specialisation. Simon points out that there is specialisation of place and specialisation of function in theory and that they may contradict in the same environment. He suggests that theory offers no guide to the choice between the two and that the simplicity of the principle as stated conceals the underlying ambiguities. He indicates that the real issue is not to simply specialize, but to specialize in a certain manner. Similarly, his view on *unity of command* also suggests ambiguity in that a subordinate may accept authority wherever he accepts his views to be guided, and this implies multiple potential 'superiors', thus presenting a lack of 'unity' in practice. Simon offers a solution in the text and suggests that the wording should be tied to one superior with the liability on the subordinate to follow that single superior, or face sanction. Regarding *span of control*, the literature supports the span of control of one individual to a small number of subordinates. Simon points out that in a large organisation this would imply multiple potential superiors in a function, which could lead to excessive red tape and a significant and ineffective coordination requirement. The search for a common superior is inefficient. However, the alternative of excessive subordinates reduces control. The principle of span of control, as stated, offers no insight as to the optimum span levels. Simon also offers a criticism of the principle of *organization by purpose, process, clientele and place*. He indicates that often the contradictions are such that advantages of three must be sacrificed to achieve the fourth, and that the incompatibilities must be balanced against each other. Again, the principle is deceiving in its simplicity and offers no guidance as to which base to choose in any situation. His perspective is that the principles are shallow, flawed and misguided which hampers theory development and validity.

Simon further suggests that the principles are criteria for describing and diagnosing administrative situations. He suggests that an approach to administrative theory should consist of two steps: *what* is included in the administrative situation, and *how weights* can be assigned to the relevant criteria. He states that administrative theory should use empirical evidence and experiments to determine the optimum administrative arrangements. He also suggests that such studies require sound objectives and experiment control and that these two requirements are seldom fulfilled.

Selznicks' institutional approach to organisation theory, in both **Scott and Davis**, and Shafritz, Ott and Jang, refers to organisations as 'rationally ordered instruments for the achievement of stated goals. The notion of organization is also referred to in the context of

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the 'arrangement of personnel to accomplish an agreed purpose', and 'co-ordinated activities of two or more persons'. In this context delegation is a primary act within formal structures of coordination and control. Selznick points out that the structures are always subject to the vagaries of organizational behaviour. He points out that organisations are economies and, simultaneously, adaptive social structures and that no abstract plan can describe the organisation as a whole, given the above. He further states that the indivisibility of control and consent indicates that formal organisations are cooperative systems. The individual needs reduce the attention to the goals of the organisation as a totality. Delegation has its weaknesses in this observation. Officially delegations, traditional theory posits, are made to roles or functions, but in reality it is to individuals and thus resistance is a threat. In large organisations such resistance, inter alia, can lead to informal associations and 'unwritten laws'. This has given rise to structural-functional analysis in understanding adaptive organizations. Indeed, changes in the characteristics of organisations may be a result of various conditions. Selznick refers to co-optation as a defensive process of absorbing new elements in to the organisation to avert threats to its stability, notably under the following circumstances: hiatus between control and consent, and pressure of specific centres of power. Co-optation refers to the tension between formal authority and social power and the consequence of this outcome will determine the character and role of the organisation.

Scott and Davis refer to the work of Selznick, a proponent of the natural system model, and suggest that the latter sees organisations as 'having a life of their own', largely a result of individual behaviour and informal structures within an organization. Scott and Davis refer to the views of **Weber** and **Michels** in this context of internal conflict within an organisation from both managerial conflict and changing bases of power.

Finally, the various perspectives on organisations can be distilled into the *rational* and *natural* models. The former tends to distinguish organisations from other social groups, but the latter sees the behaviour structure and the actions of individuals as key. Scott and Davis point out that some of the differences between the two perspectives may be a result of the experience of the respective theorists themselves. For example, proponents of the rational model like **Fayol**, **Mooney** and **Urwick** were practical people with managerial experience. **Gulick** and **Weber** are exceptions to this regard. In contrast, natural model theorists were almost all academics. The two groups may also have focussed on different forms of organisations and thus reached different views and conclusions. Finally, it has been suggested that the divisions regarding perspectives are deeper and that the differences emanate from different views on human behaviour and intentions. These debates on the aforementioned 'closed' systems spawned the *open system* perspective on organisations. It has been suggested that the rational and natural models are indeed open systems given their adaptive inevitabilities. **Thomson** in Scott and Davis suggests that all three systems are relevant to an organisation: the open system to the institutional level, the natural system to the managerial level, and the rational system to the technical level. However, many new and competing theories now occupy the organisation theory space as the debate continues.

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INTRODUCTION TO ORGANIZATIONAL THEORY

The view of organisational theory as a historically contested landscape is described by **Reed**. The early and formal observations of organisation as a concept can be traced back to the work of Saint Simon and the changes brought about by industrial capital in the late 19th century. More specifically, the rise of large scale organisation units and direct forms of co-ordination. The period supported moves towards an 'administrative state' and scientific principles of organisation that were deemed to be independent of human will. Reed points out that the organisation studies of the time anticipated a triumph of science over politics and rationally designed collective order over human irrationality. However, he notes that early theory and perspectives were fragmented and lacking in intellectual coherence. He further notes that the outcome and consequences of organization, with the benefit of hindsight, suggests anything but a triumph, as suggested above, and was doubtful given the transformations that push social fragmentation, political disintegration and ethical relativism (e.g. such technical, modern and tech-bureaucratic structures created the Holocaust). In recent decades, organisational theory has been punctuated by debates over the assumptions of the rational and ethical quality of organisations, the intellectual means to understand organisations, philosophical self-doubt, theoretical fragmentation and ideological polarisation. This is noted in the works of **Lounsbury** and **Beckman**. It is clear that organizational theory is still in a revolutionary phase and not yet a 'normal' science since view fragmentation and discontinuity is dominant and hostility amongst scholars prevails.

Nevertheless, there appears to be a broad agreement on the primary analytical narratives in the contested terrain and these seven models are: *Rationalism, Integration, Market, Power, Knowledge, Justice, and Networks*. These models are broadly in chronological order with network theory being the more recent, although grounded in the 1950's. While network theory is more relevant to the environment today, there are various models within network theory itself. While these sub theories of network based organization are all different, they collectively point to a disconnect with the six prior theories. There has been very little benefit carried forward from previous work and understanding traditional theories. Indeed, it is regarded as a full-frontal attack on the traditional theories from both an intellectually and temporal relevance perspective.

Hambrick and **Davis** have been very vocal in their cynicism regarding the state of organisational theory and the field of scholars generally. Hambrick refers to his peers as having an 'idolization of theory' and Davis has stated that current 'organisational research can appear sometimes like living in a museum of the 1970's'. He extends the criticism further by suggesting that studies should focus on new and indigenous management centred theory. He states that to expect organisational insights to remain generalizable over time is a 'vain hope'. Cynics indicate that the field is too tied to discipline knowledge and lacks relevance. **Hinings** and **Greenwood** have suggested that some critics have argued that the North American intellectual establishment have been unwilling to welcome new ideas, especially if introduced by non-North American scholars and this has manifested in different research conducted in Europe and the US. One of the consequences is that research is till contextualised in time and place and it makes such contributions potentially less valuable for the purposes of generalisation in a global world.

 Lounsbury and Beckman are far more supportive and optimistic and point to developments in five theoretical areas: institutional logics, categorization, networks, behavioural theory, and

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practice theories. They also point to the growing numbers of researchers, studies, diversification and internationalisation of the field. Interestingly, Lounsbury and Beckman remain resolute that scholars are developing and extending new ideas. However, in considering the Davis and Hambrick critique that the field lacks insight and contributions to knowledge and understanding, they respond with 'we don't think so', which lacks conviction itself. Furthermore, they indicate that the categorisation of studies may be a root cause of the critique and suggest 'keywords' be updated to reflect the state of the field and its contributions. In my opinion, not a compelling defence.

It may be possible that the debate over the contributions can be attributed to the changes in the analytical structures over time. Organisational theory has tended to migrate to business schools and away from sociology departments. Hinings and Greenwood state that organisational analysis is becoming increasing concerned with the interests of managers and business firms and thus efficient and effective organizational operation. Hinings and Greenwood suggest that it is possible that the historical questions are either no longer relevant or best left to sociologists and political scientists. However, it is clear from the experience of multiple financial crises in recent decades and the organisations involved, that a scrutiny of the impact of organisations on both individuals and society should be considered, which is a return to historical perspectives and concerns. In addition, Hinings and Greenwood point out that some of the historical questions are relevant in the current debates today with respect to the environment, gender and diversity, and globalization.

Hinings and Greenwood propose that future research areas should include analysis of executive compensation, new organizational forms, globalization, gender and diversity and the environment. Furthermore, they propose that attention should focus on broader systems (financial, legal and political) to encompass society concerns. Organizational studies should be regarded as 'policy science', as well as a management science.

Despite the above concerns, solutions and proposals, much of the criticism is sourced from the value of the contributions. **Whetton** considers the issue of what constitutes a theoretical contribution. He suggests that the key criteria for a researcher is the '*What*' and '*How*', which describe and provide a framework for interpreting patterns, and the 'Why' which is explains the patterns in organizational behaviour. In addition, there are conditions that limit the propositions from the proposed research model: the '*Who*', '*Where*' and '*When*'. These latter conditions are seen as a problem in the field since scholars tend to study a social phenomenon in familiar surroundings and at a single point in time. Whetten suggests that there is merit in pursuing more tests to check the generalisation of the propositions over locations and time. Whetten points out that often the simple act of improving on what already exists in the literature is an insufficient contribution to the body of literature. He suggests that a way to test as to whether a contribution is material and significant is to evaluate the extent of the change on existing and accepted relationships. He also suggests borrowing perspectives from other fields of study which would naturally enhance the value of the contribution through challenging existing theories. Whetten concludes that evaluating a final product can be considered in the following questions with respect to the paper: *What's new; so what; why so; well done; done well; why now, and who cares?*