

# Concepts of organizational theory and behavior and general electric essay sample



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## Introduction

In the cutthroat world of business today, unremitting transformation within firms becomes a way of life. As what can be seen from the past few years, numerous corporations undertook considerable changes in their operations like getting rid of layers of management, restructuring processes, empowering many employees and downsizing others, forming self-directed work teams and several other modifications.

A classic example for this concept of continuous change, of instilling and assimilating these within organizational behavior and innovating on highly acknowledged organizational theories in order to survive and to thrive in a competitive global marketplace is General Electric Corporation (GE). This significant conglomerate underwent a protracted process of re-molding its organizational structure, its culture and behavior, its methods, the way it responds to swift globalization processes and the way it projects itself to the world.

This treatise intends to show how an organization can thrive as it heeds the precepts of organizational behavior and taking into serious consideration the theories that make organizations what they are today, or die by taking for granted the importance of organizational behavior as it affects the operations of business firms.

## Organizational Theory and Behavior - Concepts and Assumptions

Classical organization theory stands for the combination of scientific management, bureaucratic theory, and administrative theory. Frederick

Taylor (1917) developed scientific management theory at the start of the century and had four salient principles: 1) search for the best method to accomplish each task, 2) suitable and accurate matching of each worker to each task, 3) close supervision of workers, and the employment of reward and punishment as motivators, and 4) the basic tasks of management is planning and control. At the outset, Taylor's methods were effective and proved valuable at enhancing production processes. These entailed obtaining the best equipment and people, circumspectly probing into each phase of production and by analyzing every assignment, Taylor was able to find the precise mishmash of the factors that will produce huge increases in production. However, while Taylor's *scientific management theory* proved successful in the simple industrialized firms at the turn of the century, it didn't do well in contemporary organizations. The viewpoint espousing "production first, people second" has unfortunately left a heritage of moribund production and quality, frustration and discontent with work, loss of pride in workmanship and almost a complete loss of organizational pride.

Max Weber (1947) developed Taylor's suppositions and emphasized the need to lessen multiplicity and vagueness in business firms. The concentration was on instituting lucid and unambiguous streaks of authority and control. Weber's *bureaucratic theory* underscored the necessity for a hierarchical structure of power and acknowledged the significance of division of labor and specialization. A prescribed cluster of guidelines were bound into the hierarchical system to ensure permanence, solidity and uniformity. Likewise, Weber put forward the concept that organizational behavior is an arrangement of human interfaces, where all behavior could be understood

by looking at cause and effect. In line with this was Mooney and Reiley's (1931) a *dministrative theory* (i. e., principles of management) where the stress was on setting up a collective set of management principles that could be employed by all organizations.

In its entirety, classical management theory was unbending and mechanistic. The flaws of classical organization theory swiftly became clear as its biggest deficiency was that it attempted to elucidate peoples' stimulus to work strictly as a function of economic reward.

Basically, the human relations movement progressed as a response to the hard-hitting, authoritarian structure of classical assumption. Such movement addressed several problems intrinsic to classical theory. The gravest oppositions to classical theory are that it generated over-conformity and rigidity, thus stifled creativity, individual growth, and motivation. However, neoclassical theory exhibited authentic concern for human needs.

One of the first experiments that challenged the classical view was conducted in the late 1920's at the Western Electric plant in Hawthorne, Illinois (Mayo, 1933). While manipulating conditions in the work environment (e. g., intensity of lighting), they found that any change, however slight it was, had an impact on productivity. The act of giving attention to workers in a friendly and non-threatening way was sufficient by itself to increase output. Uris (1986) referred to this as the "wart" theory of productivity, giving the analogy that almost all kinds of treatment can make a wart go away, which correspondingly meant that almost anything will improve productivity. It basically implies that intelligent action usually delivers effective outcomes

(Uris, 1986, p. 225). Essentially, the Hawthorne experiment was somewhat upsetting because it has thrown uncertainties and reservations on the ability of contemporary thinkers and management gurus to assess the usefulness of new management theories.

A business firm might repeatedly involve itself in the latest management trends to generate an enduring thread of Hawthorne effects. “ The result is usually a lot of wheel spinning and cynicism” (Pascale, 1990, p. 103). Pascale believed that the Hawthorne effect has often been misconstrued, for him, it is a “ parable about researchers (and managers) manipulating and ‘ playing tricks’ on employees” (p. 103). As it is, incorrect conclusions are drawn because it symbolizes a controlling and manipulative attitude toward the labor force.

Barnard (1968) proposed one of the first contemporary assumptions of organization by depicting organization as a structure of consciously synchronized activities. He underscored in the function of the executive in generating an environment where there is logic and consistency of values and purpose. Likewise, in this assumption, organizational affectivity and success were associated with the capability of a leader to produce a unified environment. He further inferred that a manager’s authority is drawn from subordinates’ acknowledgment, instead of the hierarchical power structure of the organization. In essence, Barnard’s theory contains elements of both classical and neoclassical approaches. Since there is no consensus among scholars, it might be most accurate to consider Barnard as a transition theorist.

Simon (1945) made a significant contribution to the investigation on organizations when he suggested a model of “ limited rationality” to elucidate the Hawthorne experiments. The theory affirmed that workers could react impulsively to managerial attention. The most imperative component of Simon’s work was the meticulous application of the scientific approach. Reductionism, quantification, and deductive logic were legitimized as the methods of studying organizations. Taylor, Weber, Barnard, Mayo, Roethlisberger, and Simon have the same conviction that the objective of management was to preserve balance and stability. The stress was on being able to control and manipulate workers and their environment.

Classical and neoclassical theorists saw conflict as something to be avoided because it obstructed with equilibrium. In essence, contingency theorists consider conflict as inevitable, but controllable and convenient. In 1962, Chandler studied four large United States corporations and inferred that a business firm would naturally evolve to meet the needs of its strategy — that form follows function. Understood in Chandler’s ideas was that organizations would act in a rational, sequential, and linear manner to adapt to changes in the environment. Effectiveness was a function of management’s ability to adapt to environmental changes. Lawrence and Lorsch (1969) also studied how organizations adjusted to fit their environment. In highly volatile industries, they noted the importance of giving managers at all levels the authority to make decisions over their domain. Managers would be free to make decisions contingent on the current situation.

*Systems theory* was originally proposed by Hungarian biologist Ludwig von Bertalanffy in 1928, although it has not been applied to organizations until <https://assignbuster.com/concepts-of-organizational-theory-and-behavior-and-general-electric-essay-sample/>

recently (Kast and Rosenzweig, 1972; Scott, 1981). The basis of systems theory is that all the components of an organization are associated with each other, and that changing one variable might influence many others. As it is, organizations are viewed as open systems, continually interacting with their environment. They are in a state of dynamic equilibrium as they adapt to environmental changes. Senge (1990) described systems thinking as: understanding how people's actions shape reality. Systems thinking help people see how actions have shaped current reality, thereby giving confidence that can create a different reality in the future (p. 136).

A vital premise of systems theory is that nonlinear relationships might exist between variables. Small changes in one variable can trigger huge changes in another, and large changes in a variable might have only a nominal effect on another. The concept of nonlinearity adds tremendous intricacy to the comprehension of organizations. In fact, one of the most salient arguments against systems theory is that the complexity introduced by nonlinearity makes it difficult or impossible to fully understand the relationships between variables.

#### General Electric (GE) Corporation

*Organizational Structure* By any measure, General Electric is one of the late twentieth century's most successful business organizations, and *boundaryless behavior and "structure" or boundarylessness* is one of its principal cultural components the firm credits for its success (Kerr, 199). Jack Welch, GE's long time CEO, believed that strict, hierarchical organizations were inadequately structured to vie in the fast-moving, information-centric,

customer-focused competitive environment of the 1990s and beyond. The CEO also recognized and acknowledged the fact that General Electric's people, and especially their diversity of knowledge, talents, and ideas have turned to become an awesome competitive weapon for the company in the contemporary business environment. Work-Out, GE's boundary-breaking program of the early 1990s, made GE into a boundaryless company and launched boundarylessness both as a management philosophy and a potential field of study (Hines and House, 2001, pp. 3-32; Hines and House, 1999). As it is, "boundaryless behavior has become the 'right' behavior at GE, and aligned with this behavior is a rewards system that recognizes the adapter or implementer of an idea as much as its originator. Creating this open, sharing climate magnifies the enormous and unique advantage of a multi-business GE, as our wide diversity of service and industrial businesses exchange an endless stream of new ideas and best practices" (General Electric Annual Report, 1994).

*Decision Making* Basically, there is no single best way to organize, to teach, to do research, or to make decisions. However, some approaches are more effective than others. The "best approach" is the one that fits the circumstances (Hoy and Miskel, 1991).

Within the GE hierarchy, the stakeholder input from the global dialogue sessions is clearly linked to GE's learning, policy formation and decision-making processes. Some examples of how stakeholder input drove decision-making include (GE Citizenship Report, 2007, p. 27):



Human Rights - GE seeks the viewpoints of several stakeholders to gain a more extensive comprehension of what expectations GE would be confronted with as it develops and finalizes its Statement of Principles on Human Rights in 2006. GE held stakeholder meetings in New York, Brussels and Hong Kong to invite and encourage commentaries on GE's 2006 Citizenship Report and to assess responses to specific human rights objectives being mulled over for inclusion in GE's new statement on human rights. This is similar in approach to how GE engaged stakeholders in the formulation of its *ecomagination* commitment.

Reporting - Stakeholder feedback, including feedback from its new Stakeholder Report Review Panel, led to its commitment to produce an annual "best-in-class" citizenship report. Current-year reporting improvements also included increased disclosure around project finance, responsible lending, human rights and global diversity. Stakeholder engagements also fed directly into the introduction of the materiality analysis process.

*Power Politics* People in organizations are familiar with the concepts of "politics" and "power plays," but these notions have conventionally been demoted to a secondary status in organization theory. When considered, moreover, they have for the most part been limited to formal discussions of authority and influence as they relate to privileges and rights attached to the offices of an organizational hierarchy. These include such powers as the ability to determine financial remuneration, the hiring and firing of employees, capacity to control the flow of information, the power to

manipulate normative symbols, and in some cases the potential for coercion (Long, 1962, pp. 110-121).

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