

Essay on organizational theories

[Business](#), [Management](#)



Organizational theories date back to the era when human beings first started engaging in commercial activities. Despite this fact, these theories are still relevant in the present day economic environment though modern day theorists are working on either advancing them or formulating new ones. These theories are specifically directed at the organizational management because they are decision-making tools. However, it must be mentioned that neither of these theories is conclusive when applied singularly because each of the theories have weaknesses. This thesis shall briefly look at the classical, neoclassical, human resource, organizational cultural reforms and organizational environment theories. The paper shall also briefly touch on some of the major theorists as far as organizational theories are concerned and finally how these theories can be effectively applied in the public sector.

Classical organization theory

This is one of the oldest theories of organization and dates back to the origin of commercial activities. Though, impact of this theory on organizations was not felt till between 1900 and the 1930s when industrial revolution was at its peak. Some of these pioneers include F. W. Taylor, Henri Fayol, Max Weber and Luther Gulick. The theory asserts that organizations are created for the sole purpose of meeting production and economic goals. The classical organization theory is based on the following major assumptions. First, the theory assumes that the relationship between employees and the management is solely dependent on and defined by formal communication channels, predefined tasks and accountability as well as official stipulations and regulations to minimize disagreements in this relationship. Second, the theory also assumes that employees are “ economic” in nature and thus can

only be motivated by financial incentives. Finally, the classical theory assumes that employees are considered as the “ cog in the wheel of production.” In this case, employees and the workforce in general are viewed upon as elements of production. This third assumption asserts that organizations should work the same way machineries do while making use of people, capital and machines as their parts.

Taylor is acknowledged as the father of “ the scientific management movement.” To this effect, his pioneer studies are referred to as “ Taylorism” or “ Taylor system.” Taylor’s contribution to the classical organization theory is based on the fact that he believed that production practices could be planned and systematically manipulated through the expertise of scientific principles hence ensuring that organizations maximized their profits, increased productivity and effectively dealt with the union menace that was common in his days. This school of thought was based on the fact that there is no single best way of maximizing on factors of productivity and thus the need for scientific methodologies to help the management adapt the “ fastest, most efficient, and least fatiguing production methods.” Henri Fayol’s (1841-1925) work on the other hand was solely based on the effective management of labor. In fact the first ever comprehensive management theory is accredited to Fayol. His works were based on 6universally applicable principles which include technical, commercial, fiscal, security, accounting and managerial factors. Though, Fayol mostly focused on the coordination, control, planning, and command of the workforce to meet production and financial objectives of an organization. Weber on the other hand was ardent supporter of the “ Taylor System,” though his work

was based on the effects of bureaucracy on organizational human resource management.

Finally, Gullick furthered on the studies of Fayol and thus his works defined the role played by the management class in organizations. These roles include “ Planning, Organizing, Staffing, Directing, Coordinating, Reporting and Budgeting.” Thus it is clear that the classical organizational theory can be used in improving public administration in the following major way. Since, public administration is characterized by limited availability of funds, the theory can be used to determine the best applicable scientific methodologies and models to increase efficiency based on financial constraints. This is the case because the classical theory of organization narrows down the factors of production to management of labor in terms of division and time-allocation.

Neoclassical organization theory

This theory can be traced back to the post-World War2 era that is between the years 1945 and 1950. The neoclassical theory can be basically termed as a theory directed at dealing with the weaknesses posed by the classical theory. Specifically, the theory was advanced to meet the inadequacies arising from “ the humanness of organizational members, the coordination needs among administrative units, the operation of internal-external organizational relations, and the processes used in decision making.” This is because according to the neoclassical theorists, classical theorists oversimplified factors of production and the role played by the management in meeting organizational financial objectives. Thus, the neoclassical theory is based on the tenet that an organization is not an island. This implies that

an organization cannot exist independent of other external environment which includes the market factors. Thus; the neoclassical theory heavily relied on sociological theories to meet the deficiencies posed by the simplistic and superficial monopolistic dominance by the classical theorists in organizational management. It is also important to mention that this theory paved the way for other theories that had major differences from the school of thought advanced by the popular classical theory of organization. Some of the major contributors to the neoclassical theory include Chester Bernard, Robert Merton, Herbert A Simon, Philip Selznick, Melvin Dalton, and William F. Whyte. Bernard's organization theory focused on cooperation amongst the employees within an organization. He asserted that some production tasks were better performed on a group-basis rather than on individual-basis. To this effect, Bernard defined the management's role as visionary in a moral rather than an intellectual perspective. The management is also tasked with the responsibility of establishing official and unofficial channels of communication and finally the management should ensure that goodwill is present to facilitate cooperation within an organization. Also, Bernard advanced the notion that employee motivation is not limited to economic incentives but also include behavioral incentives targeting attitudes and motives of the employees. Merton's organizational studies were based on the criticism of Weber's theory on bureaucracy. He asserted that bureaucracy is susceptible to dysfunctional characteristics that negatively impacted the employees within an organization hence breeding grounds for inefficiencies. Simon's critic of the classical theory focused on "inconsistent, conflicting, and inapplicability of the classical theory to many of

the administrative situations facing managers.” He also disputed the validity of the fourteen principles of an organization advanced by classical theorists. He thus went ahead to develop scientific quantitative methodologies that the management uses presently in the decision-making process. Simon is thus considered as the father of administrative decision-making studies and practices.

The studies and works of Selznick (Foundations of the Theory of Organization) mainly focused on the irrational behavioral organizational characteristics and factors. His works went further to assert that the labor force was not just an element of production that the management can manipulate at their own discretion to achieve organizational financial goals. Instead, Selznick views the employees as individual people with perceptions, attitudes and beliefs that might be necessarily related to the organization's formal structure, objectives and goals. Thus, Selznick is renowned for advancing the integration of all these diverse perceptions that individual employees hold into the decision-making process of the organization so as to avoid conflicts and liabilities that will arise if they are ignored. Most aspects of the neoclassical theory can be used to increase efficiency in public administration especially the models and practices applicable in the decision-making process and the decisive management of negative impacts of bureaucracy that the public sector is renowned for. Also, public administrators can treat their subordinates more humanely and thus motivating them to work more efficiently and under minimal financial incentives. Finally, public administrators can also effectively tap into the vast resource-base outside their organizational jurisdictions to advance

professionalism within the public sector. This includes partnerships with both the private sector and the public in general.

Human resource theory and the organizational behavior perspective

This theory of organization was advanced forth in the year 1957. Unlike the previous theories, this theory is based on the tenet that organizations exist solely for the purposes of meeting human needs and not vice versa. Thus, there exists a mutual relationship between people organizations whereby people are in need of employment opportunities and the perks they come with while the organizations are in desperate need of the human resource to advance their financial goals. Whenever one party is shortchanged in this relationship, both parties are adversely affected and it also holds that both parties mutually benefit if this relationship is healthy and considerate of the needs of both employees and the organization. Thus, this theory is basically based on how to best achieve a mutually benefiting and healthy relationship between employees and the organization they are affiliated to. Henceforth, studies in theory mainly focus on the behavioral aspects of leadership, motivation, individuals in teams and groups, effects of the work environment, power and influence and organizational change.

Some of the major contributors to this theory include Mary Parker Follett, Fritz J. Roethlisberger, Abraham H. Maslow, Douglas Murray McGregor, and Irving L. Janis. In her works, *The Giving Orders*, Follett assert the fact that it is human nature to hate being ordered around regardless of the circumstances and to try every means possible to control other people. Therefore, she is of the notion that orders should be given in such a manner

that advocates for consensus building and is sensitive and adheres to the specific situational circumstances defining the interaction between the management and their employees. Roethlisberger on the other hand advanced the notion that human problems need human solutions in an organizational setting. Thus his studies were specifically linked to employee motivation and behavior and how to identify and deal with consequent challenges. Maslow on the other hand categorized the basic human needs into “ physiological, safety, love, esteem, and self-actualization” needs. He also asserts that these needs are strongly correlated and their order of priority varies in people. Thus according to Maslow, any threat to any of these basic needs is the major source of conflicts within an organization. Also, he is of the opinion that if the lower hierarchy basic employees’ needs are met, then the management should use the higher hierarchy needs to motivate their labor-force to worker harder.

In his works, *The Human Side of Enterprise*, McGregor links Theory X and Y to an organization. Theory X advances the notion that people by nature hate working and thus will devise any possible ways to avoid working while Theory Y is of the opinion that people also derive fulfillment and satisfaction from work and commitment to an organization’s objectives helps employees stay focused on works. Thus, for one to effectively manage human resources, they must consider both the Theory X and Y. Finally, Janis analyzes group psychology and the resultant effects on the management as well as the workforce in general. His works basically assert that group psychology suppresses dissensions and people will go to any length to subscribe to the school of thought favored by the grouping they belong to

henceforth ignoring other tenable alternatives. Public administrators can use this theory to address the power imbalances that are common in the public sector by focusing on mutually benefiting relationships with their juniors. From this theory, it is also evident that it is the responsibility and initiative of the public administrators to create these mutually benefiting relations with their subordinates. Finally, this theory can be used to minimize conflict within the public sector and enhance motivation and teamwork.

Theories of organizational culture and change

Studies on these theories can be traced to as early as the 1950s and 1960s though they were widely adapted and accepted in the 1980s. These theories relate the dynamics of organizational culture to factors of production.

Basically, organizational culture can be defined as the informal characteristics of an organization that complement its structure and operation practices. These include organizational values, beliefs, customs, perceptions, behavioral norms, artifacts and patterns of behavior. Basically, these theories assert that for organizational reforms to be successful and effective they must be simultaneously carried out with organizational cultural reforms. This is because negative organizational cultural practices such as rigidity, power imbalance and abuse and exclusive groupings can retard reforms targeting organizational structure and practices. This is the case because people have tendency to resist change and cling on the tried, tested and approved beliefs and methodologies. These theories also emphasize the fact that organizational culture is an attribute of the workforce the management can only shape the direction they take.

Some of the major contributors to these theories include Edgar H. Schein,

Joanne Martin, John R. P. French and Bertram Raven, James March, Henry Mintzberg and Jeffrey Pfeffer. Though, it must be mentioned that French and Raven, March, Mintzberg and Pfeffer focused on the on the power and politics aspects of organizational culture. The five theorists assert that for there to be reforms in an organization, there must be reforms as far as the culture of power and politics is concerned in that specific organization. Schein on the other hand categorizes organizational culture into group, organizational and occupational cultures. Thus, he proposed that the management can use these categories to pinpoint as well as solve challenges emanating from organizational culture. In addition, Schein also proposes that it is difficult for outsiders to ascertain the true nature of an organization culture. This implies that organizational culture is specific to a given entity and is an attribute of perceptions and assumptions a group of people learn experientially. Martin on the other hand seeks to determine what constitutes culture and what doesn't by the use " the intellectual traditions of functionalism, critical theory, and postmodernism." Thus according to Martin, cultural studies are distinct from other studies in the willingness to go beyond the superficial and face value outlook of how different people interpret and manifest the various meanings of work. She also advances the notion that cultural practices can either be consistent or inconsistent, clear or marred with ambiguity and finally singular or multiple. Public administrators can use these theories to change the culture of inefficiencies for them to reform the public sector. In addition, these theories are useful in restructuring the public sector in terms of power relations and the role of politics in the delivery of services as well as the management of

the workforce. Public administrators can also apply these theories to ascertain the effects of the private sector and the public at large on the public sector. They can also determine how best they can use this influence to complement public sector reforms. Thus, these theories are useful in developing and formulating tools of reform in the public sector.

Theories of Organizations and Environments

These theories were more common between 1966 and 1967. The system theories emphasize the concept of closed versus open organization. However, more studies tend to favor the external dynamics of an organization. Thus, these theories view organizations as complex systems of dynamically interlinked elements that include production, capital, market factors and feedback mechanisms. These theories are cause-effect orientated in their methodologies. To this effect, they are strongly correlated to theories advanced by Taylor. While Taylor used scientific quantitative methodologies to determine the best way to maximize production, these theories use quantitative scientific methodologies to ascertain the cause-effect relationships amongst various variables of production and henceforth determine the best possible management practices. As a result, these theories form what is commonly referred to as management science studies. Resource dependence theories on the other hand emphasize on how organizations exchange resources with their environments. Finally, institutional theories advance the notion that organizations are products of human ideas and imaginations. Thus just like human perceptions, organizations are also influenced by a wide range of both internal and external factors.

Some of the major theorists who contributed significantly to these theories include Daniel Katz and Robert L. Kahn, James D. Thompson, John W. Meyer and Brian Rowan, Jeffrey Pfeffer and Gerald R. Salancik and finally Glenn R. Carroll and Michael T. Hannan. Katz and Kahn contrast open systems approaches with common sense approaches. Thus, they assert the notion that open system approaches have downplayed the inter-linkages and interactions between organizations and their external environments. This implies that for an organization to effectively survive the dynamic economic environment there is need to focus on both strategies directed at both internal and external functioning of organizations. Thompson's works and studies focused on how to effectively bridge the gap between open and closed systems. Adequate management strategies are based on open-system models but subject to influence by environmental factors. Meyer and Rowan focus on the effect of cultural and institutional environments on organizations. Whilst Pfeffer and Salancik are of the opinion that one can only fully understand an organization by studying the environment in which it operates. This implies that organizations are not self-dependent systems thus they rely on resource exchanges with their external environment. They also suggest that organizational challenges arise from the management's inaccurate evaluation of the external environment.

Finally, Carroll and Hannan rely on organizational ecology to study the demographic characteristics of an organization. This is strictly based on organizational-environment interactions and relationships. This implies that the environment selectively advances the survival of fit organization based on the dynamics of human resources. Public administrators can use these

theories to foster and enhance the relationship between the public and private sectors. This is because these theories are a mash up of all the previous theories and thus the most adequate of all organizational theories. For example public managers can now imitate effective models that have been tried and tested in the private sector such as employee acquisition, motivation and retention. Thus, this can help public administrators mitigate the brain drain that is now common from the public to the private sectors. Public administrators can also use these theories to better understand the external and internal characteristics of the public sector and how best to change these traits to enhance efficiency within the public sector. These include the nature of bureaucracy within the public sector and the public perceptions and receptions towards the public sector. Finally, public administrators can use these theories to advance resource self-sufficiency within the public sector.

Conclusions

All the aforementioned theories can be effectively applied to streamline the public sector. However, it is important to note that all these theories have weaknesses of their own and hence none of the theories is conclusive if applied on its own. These theories are relevant in today's economic landscape and there is a high probability that they will continue to stand the test of time. Finally, the effectiveness of these theories is highly dependent on how the public sector managers incorporate their situational circumstances in the implementation of these theories.

Works Cited

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