SUMMARY OF ORGANIZATIONAL THEORIES

A Summary of Organizational Theories as Presented by Shafritz, Ott, & Jang

**IMPORTANT / DISCLAIMER:** Nearly all of the material contained in this summary guide was extracted from *Classics in Organizational Theory*, the great textbook by Shafritz, Ott, & Jang (2011). I compiled this page-by-page summary for my own study and reference, but I’ve found it useful to pass on to others to share thoughts and ideas. This guide is not a substitute for their work — in other words, if you are interested in the material included in this summary guide, then navigate over to bn.com or even better, your favorite local bookstore and buy the book. The book is much far more interesting.

Additionally, not everything here is cited correctly and thoroughly (ERRORS LIKELY EXIST!). Again, this summary was for my own purposes, not an academic submission, so I have not double-checked the material for accuracy. DO NOT COPY without first checking the book! Failure to do so will result in plagiarism, and possibly error filled plagiarism at that. I take no responsibility in others copying or referencing this guide. Use at your own risk!

<table>
<thead>
<tr>
<th>Theory</th>
<th>1900</th>
<th>1910</th>
<th>1920</th>
<th>1930</th>
<th>1940</th>
<th>1950</th>
<th>1960</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Classical Organization Theory</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations exist to accomplish production-related and economic goals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is one best way to organize for production, and that way can be found through systematic, scientific inquiry.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production is maximized through specialization and division of labor.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People and organizations act in accordance with rational economic principles.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Neoclassical Organization Theory</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>revises and is critical of classical organization theory—particularly for minimizing issues related to 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</em> (p. 92).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It “initiated the theoretical movement away from the overly simplistic mechanistic views of classical organization theory” (p. 92).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>One of the major themes: organizations did not &amp; could not exist as self-contained islands isolated from their environments</em> (p. 93).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Human Resource Theory</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations exist to serve human needs (not the reverse).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations and people need each other (Organizations need ideas, energy, and talent; people need careers, salaries, and work opportunities).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When the fit between the individual and the organization is poor, one or both will suffer. Individuals will be exploited or will seek to exploit the organization or both.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A good fit between individual and organization benefits both.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Modern Structural Organization Theory</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations are rational institutions whose primary purpose is to accomplish established objectives; rational organizational behavior is achieved best through systems of defined rules and formal authority.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational control and coordination are key for maintaining organizational rationality* (p. 197).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>There is a best structure for any organization, or at least a most appropriate structure in light of its given objectives, the environmental conditions surrounding the nature of its products and services, and the technology of the production process</em> (p. 197).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Specialization and the division of labor increase the quality and quantity of production, particularly in highly skilled operations and professions</em> (p. 197).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Theories of Orgs and Environments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>The organization as open systems perspective views organizations as systems of interdependent activities embedded in and dependent on wider environments</em> (p. 401).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>A system is an organized collection of parts united by prescribed interactions and designed for the accomplishment of specific goals or general purposes</em> (p. 401).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Theories of Org. Culture &amp; Change</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Organizational culture, like societal culture, is comprised of many intangible phenomena, such as values, beliefs, assumptions, perceptions, behavioral norms, artifacts, and patterns of behavior</em> (p. 338).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Organizational cultures that reflect unwanted values, such as hierarchy, rigidity, homogeneity, power based on authority and associations in closed networks, and reliance on rules, restrict flexibility and can be formidable barriers to effecting lasting change</em> (p. 338).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>The task is to replace these cultures with cultures where horizontal relations, open and accessible networks, flexibility, responsiveness, individual and group empowerment, diversity, and customer service are valued</em> (p. 338).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Power and Politics Org. Theory</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Organizations are viewed as complex systems of individuals and coalitions, each having its own interests, beliefs, values, preferences, perspectives, and perceptions</em> (p. 271).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>The coalitions continuously compete with each other for scarce organizational resources</em> (p. 271).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Influence— as well as the power and political activities through which influence is acquired and maintained—is the primary ‘weapon’ for use in competition and conflicts</em> (p. 271).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Organizational goals are only rarely established by people in positions of formal authority. Goals result from ongoing maneuvering and bargaining among individuals and coalitions</em> (p. 271).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Organizational Economics Theory</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uses <em>concepts and tools from the field of economics to study the internal processes and structures of the firm</em> (p. 243).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Deals with a fundamental and universal problem of organizations: How to manage managers and other employees to act in the best interests of those who control ownership or, in the case of government agencies and nonprofit organizations, those who have the authority to control policy and resource allocation decisions</em> (p. 245).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NEARLY ALL the included information was extracted from:


Belmont, Calif.: Wadsworth.
# Table of Contents

1. **CLASSICAL ORGANIZATION THEORY** ................................................................. 3  
   Timeline .................................................................................................................. 3  
   Dominant Model, Metaphor, Underlying Assumptions ........................................... 3  
   Major Theorists and Contributions ........................................................................ 3  
   Works Included in Textbook .................................................................................... 5  
   Strengths and Weaknesses ....................................................................................... 6

2. **NEOCLASSICAL ORGANIZATION THEORY** ...................................................... 8  
   Timeline .................................................................................................................. 8  
   Dominant Model, Metaphor, Underlying Assumptions ........................................... 8  
   Major Theorists and Contributions ........................................................................ 8  
   Works Included in Textbook .................................................................................... 10  
   Strengths and Weaknesses ....................................................................................... 11

3. **HUMAN RESOURCE THEORY/ORG. BEHAVIOR PERSPECTIVE** ................. 12  
   Timeline .................................................................................................................. 12  
   Dominant Model, Metaphor, Underlying Assumptions ........................................... 12  
   Major Theorists and Contributions ........................................................................ 13  
   Works Included in Textbook .................................................................................... 14  
   Strengths and Weaknesses ....................................................................................... 15

4. **MODERN STRUCTURAL ORGANIZATION THEORY** ....................................... 16  
   Timeline .................................................................................................................. 16  
   Dominant Model, Metaphor, Underlying Assumptions ........................................... 16  
   Major Theorists and Contributions ........................................................................ 16  
   Works Included in Textbook .................................................................................... 17  
   Strengths and Weaknesses ....................................................................................... 18

5. **ORGANIZATIONAL ECONOMICS THEORY** ................................................. 20  
   Timeline .................................................................................................................. 20  
   Dominant Model, Metaphor, Underlying Assumptions ........................................... 20  
   Major Theorists and Contributions ........................................................................ 21  
   Works Included in Textbook .................................................................................... 21  
   Strengths and Weaknesses ....................................................................................... 22

6. **POWER AND POLITICS ORGANIZATION THEORY** .................................... 24  
   Timeline .................................................................................................................. 24  
   Dominant Model, Metaphor, Underlying Assumptions ........................................... 24  
   Major Theorists and Contributions ........................................................................ 24  
   Works Included in Textbook .................................................................................... 26  
   Strengths and Weaknesses ....................................................................................... 28

7. **THEORIES OF ORGANIZATIONAL CULTURE AND CHANGE** ................. 29  
   Timeline .................................................................................................................. 29  
   Dominant Model, Metaphor, Underlying Assumptions ........................................... 29  
   Major Theorists and Contributions ........................................................................ 30  
   Works Included in Textbook .................................................................................... 32  
   Strengths and Weaknesses ....................................................................................... 33

8. **THEORIES OF ORGANIZATION AND ENVIRONMENTS** ......................... 34  
   Timeline .................................................................................................................. 34  
   Dominant Model, Metaphor, Underlying Assumptions ........................................... 34  
   Major Theorists and Contributions ........................................................................ 36  
   Works Included in Textbook .................................................................................... 37  
   Strengths and Weaknesses ....................................................................................... 39
School: Classical Organization Theory (p. 31).

Time Line: Essentially introduced with the origins of commerce, largely shaped the industrial revolution, “dominated organization theory into the 1930s and remains highly influential today” (p. 32). Basically existed until workers of the U.S. and Europe “began to enjoy even limited ‘rights’ as organizational citizens” (p. 33).

Dominant Model, Metaphor, Underlying Assumptions:

Fundamental tenets (p. 32):
1. Organizations exist to accomplish production–related and economic goals.
2. There is one best way to organize for production, and that way can be found through systematic, scientific inquiry.
3. Production is maximized through specialization and division of labor.
4. People and organizations act in accordance with rational economic principles.

- “Workers were viewed as interchangeable parts in an industrial machine in which parts were made of flesh only when it was impractical to make them of steel” (p. 33).
- Power driven machines resulted in production workers, and, in turn, replaced individual craftsmanship.
- Factory system: resulted in capital intensive, highly coordinated production.
- Organizations “should work like machines, using people, capital, and machines as their parts” (p. 33).
- Industrial and mechanical engineering-type thinking dominated theories about ‘the best way’ to organize for production (p. 33).
- “Concerned primarily with the anatomy, or structure, of formal organizations” (p. 33).
- “The job of the scientific manager, once ‘one best way’ was found, was to impose this procedure on his or her organization. Classical organization theory derives from a corollary of this proposition. If there was one best way to accomplish any given production task, then correspondingly, there must also be one best way to accomplish any task of social organization – including organizing firms. Such principles of social organization were assumed to exist and to be waiting to be discovered through diligent scientific observation and analysis” (p. 35).
- “Organizations should be based on universally applicable scientific principles” (p. 92).

Major Theorists and Contributions:

Early organization models/contributors: Muslims, Hebrews, Greeks, Romans
- Aristotle – “first wrote of the importance of culture to management systems” (p. 31).
- ibn Taymiyyah – “used the scientific method to outline the principles of administration within the framework of Islam” (p. 31).
- Machiavelli – “gave the world the definitive analysis of the use of power” (p. 31).
- Socrates – stated that if a manager could cope well with one organization, he/she would be able to cope with others, regardless of purpose and function.
Adam Smith – p. 33.
- Focused on centralization of equipment and labor in factories, division of specialized labor, management of specialization, and economic paybacks on factory equipment.
- Considered the father of the academic discipline of economics and provided the intellectual foundation for laissez-faire capitalism.
- “Specialization of labor was one of the pillars of Smith's 'invisible hand' market mechanism in which the greatest rewards would go to those who were the most efficient in the competitive marketplace” (p. 33).

Daniel McCallum (1815-1878) – p. 34.
- Credited with creating the first modern org chart.
- His principles included division of responsibilities, power commensurate with responsibilities, and a reporting system that allowed managers to know promptly if responsibilities were “faithfully executed” and to identify errors and “delinquent” subordinates (p. 34).
- He was chosen to run the Union's military rail system.

Frederick Winslow Taylor – p. 35.
- Acknowledged father of the Scientific Management movement.
- Pioneered time and movement studies – “Taylorism” or “Taylor system”.
- Offered scientific management as the way for firms to increase profits, get rid of unions, “increase the thrift and virtue of the working classes,” and raise productivity so that the broader society could enter a new era of harmony based on higher consumption of mass-produced goods by members of the laboring classes.
- Gained credence for the notion that organizational operations could be planned and controlled systematically by experts using scientific principles.
- “Premised on the notion that there was 'one best way' for accomplishing any given task, Taylor's scientific management sought to increase output by using scientific methods to discover the fastest, most efficient, and least fatiguing production methods” (p. 35).
- In some senses, spread Adam Smith's “gospel”.

Henri Fayol (1841-1925) – p. 35.
- Developed the first comprehensive theory of management.
- Believed his concept (6 principles) was universally applicable to every type of organization:
  - Technical (production of goods)
  - Commercial (buying, selling, and exchanging activities)
  - Financial (raising and using capital)
  - Security (protection of property and people)
  - Accounting
  - Managerial (coordination, control, organization, planning, and command of people)
- His major emphasis was on people (managerial)
**Frank Gilbreth and Lillian Gilbreth** – THERBLIGs, “cheaper by the dozen” – movie: raised a dozen children through scientific management principles.

**Henry Lawrence Gantt** – Gantt planning chart.

**Carl O. Barth** – Convinced Harvard to use Taylorism model for modern management.

**Max Weber** – Greatly influenced by Taylor, his work on implications of bureaucracy.

**Luther Gulick** – Influenced by Fayol – POSDCORB – the seven major functions of executive management – appeared in the Papers of Science and Administration (1937):
- Planning
- Organizing
- Staffing
- Directing
- Coordinating
- Reporting
- Budgeting

---

**8 works are included in text:**
- **Socrates** – *Xenophon* (p. 39).
  - "that whatever a man may preside, he will, if he knows what he needs, and is able to provide it, to be a good president, whether he have the direction of a chorus, a family, a city, or an army" (p. 39).

- **Adam Smith** – *Of the Division of Labour* (p. 41).
  - “This great increase of the quantity of work, which, in consequence of the division of labour, the same number of people are capable of performing, is owing to three different circumstances; first, to the increase of dexterity in every particular workman; secondly to the saving of the time which is commonly lost in the passing from one species of work to another and lastly, to the invention of a great number of machines which facilitate and abridge labour, and enable one man to do the work of many” (p. 43).
  - "It is the great multiplication of the productions of all the different arts, in consequence of the division of labour, which occasions, in a well-governed society, that universal opulence which extends itself to the lowest ranks of the people" (p. 44).

- **Daniel C. McCallum** – *Superintendent’s Report* (p. 46).
  - "In my opinion, a system of operations, to be efficient and successful, should be such as to give to the principal and responsible head of the running department a complete daily history of details in all their minutaes" (p. 46). Six great principles on page 47.
• **Henry R. Towne** – *The Engineer as Economist* (p. 48).
  o “To ensure the best results, the organization of productive labor must be directed and controlled by persons having not only good executive ability, and possessing the practical familiarity of a mechanic or engineer with the goods produced and the processes employed, but having also, and equally, a practical knowledge of how to observe, record, analyze and compare essential facts in relation to wages, supplies, expense accounts, and all else that enters into or affects the economy of production and the cost of the product” (p. 48).

• **Henri Fayol** – *General Principles of Management* (p. 52).
  o “Therefore principles are flexible and capable of adaptation to every need; it is a matter of knowing how to make use of them, which is a difficult art requiring intelligence, experience, decision and proportion” (p. 52). 14 principles listed on page 52.

• **Frederick Winslow Taylor** – *The principles of Scientific Management* (p. 65).
  o “Scientific management does not exist and cannot exist until there has been a complete mental revolution on the part of the workmen working under it, as to their duties toward themselves and toward their employers, and a complete mental revolution in the outlook for the employers, toward their duties, toward themselves, and toward their workmen” (p. 68).

• **Max Weber** – *Bureaucracy* (p. 77) – “Modern Officialdom”.

• **Luther Gulick** – *Notes on Theory of Organization* (p. 83).
  o POSDCORB – “If these seven elements may be accepted as the major duties of the chief executive, it follows that they may be separately organized as subdivisions of the executive” (p. 90).
    - Planning
    - Organizing
    - Staffing
    - Directing
    - Coordinating
    - Reporting
    - Budgeting

  **Strengths and Weaknesses:**

  **Strengths:**
  • This theory has a narrow focus on improving production related economic goals (strength and weakness).
  • It utilizes systematic, scientific inquiry.
  • Helped create division of labor, time and movement studies, and organized planning models (such as POSDCORB).
  • Attempted to address, and further, organizational functions when few resources existed.
Weaknesses:

- This closed-system, rational theory is perhaps too narrowly focused on production and reduces the human component to simply fleshy machines.
- This theory helped invent the industrial revolution, which led to deterioration of individual craftsmanship.
- It promotes capital intensive economies.
- Classical theory is largely derived intellectually rather than empirically – this was the basis of much criticism.
- It is primarily concerned with anatomy/structure rather than individual needs and potentials.
- It did not take large-scale changes in environments into much consideration.
School: Neoclassical Organization Theory (p. 92).

Time Line: Approximately 1945 (end of WW II) through the 1950s.

Dominant Model, Metaphor, Underlying Assumptions:

- “The general connotation is that of a theoretical perspective that revises and/or is critical of classical organization theory – particularly for minimizing issues related to 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” (p. 92).
- It “initiated the theoretical movement away from the overly simplistic mechanistic views of classical organization theory” (p. 92).
- It “raised issues and initiated theories that became central to the foundations of most of the school that have followed” (p. 92).
- “One of the major themes of the neoclassical organization theorists was that organizations did not and could not exist as self-contained islands isolated from their environments” (p. 93).
- Incorporated the profession of sociology into organization theory.
- “Provided the intellectual and empirical impetus to break the classicalists’ simplistic mechanically oriented, monopolistic dominance of the field” (p. 95).
- “paved the way – opened the door – for the soon-to-follow explosions of thinking from the human relations, “modern” structural, systems, power and politics, and organizational culture perspectives of organizations” (p. 95).

Major Theorists and Contributions:

Chester Bernard – p. 93.
- “Sought to create a comprehensive theory of behavior in organizations that was centered on the need for people in organizations to cooperate – to enlist others to help accomplish tasks that individuals could not accomplish alone” (p. 93).
- “The responsibility of an executive is (1) to create and maintain a sense of purpose and a moral code for the organization – a set of ethical visions that established “right or wrong” in a moral sense, a deep feeling or innate conviction, not arguable; emotional, not intellectual in character”; (2) to establish systems of formal and informal communication; and (3) to ensure the willingness of people to cooperate” (p. 93).
- “Individuals must be induced to cooperate” (p. 93), “the executive needs to employ different strategies for inducing cooperation, including ways not only to find and use objective positive incentives and reduce negative incentives but also to change the state of mind, or attitudes, or motives so that the available objective incentives can become effective” (p. 93).
Summary of Organizational Theories

Robert Merton – p. 93.
• “proclaimed that the ‘ideal type” bureaucracy as described by Max Weber had inhibiting dysfunctions – characteristics that prevented it from being optimally efficient – and negative effects on the people who worked in it” (p. 93).

Herbert A Simon – p. 93.
• One of the first to attack classical organization theory.
• Stated that classical organization theory was “inconsistent, conflicting, and inapplicable to many of the administrative situations facing managers” (p. 93).
• Stated that the “so-called principles of administration are instead proverbs of administration” (p. 93).
• Asserted that “organizational theory is, in fact, the theory of the bounded rationality of human beings who ‘satisfice’ because they do not have the intellectual capacity to maximize” (p. 94).
• He developed the “science” of improving decision making through quantitative measures.
• He “was the leader in studying the processes by which administrative organizations make decisions” (p. 95).

Philip Selznick – p. 94.
• Sociologist, asserted that “while it is possible to describe and design organizations in a purely rational manner, such efforts can never hope to cope with the non-rational aspects of organizational behavior” (p. 94).
• Stated that “organizations consist not simply of a number of positions for management to control, but of individuals, whose goals and aspirations might not necessarily coincide with the formal goals of the organization” (p. 94).
• Known for his concept of “Cooptation” which “describes the process of an organization bringing and subsuming new elements into its policy-making process in order to prevent such elements from becoming a threat to the organization or its mission” (p. 94).

Cyert and March – p. 95.
• “Discussed the formation and activation of coalitions as well as negotiations to impose coalitions’ demands on the organization” (p. 95).
• “Postulated that corporations tended to ‘satisfice’ rather than engage in economically rational profit-maximizing behavior” (p. 95).

Melvin Dalton – p. 94.
• “focused on structural frictions between line and staff units and between the central office of an organization and geographically dispersed facilities” (p. 94).

Talcott Parsons – p. 94.
• “defined an organization as a social system that focuses on the attainment of specific goals and contributes, in turn, to the accomplishment of goals of a more comprehensive system, such as the larger organization or even society itself (p. 94).
William F. Whyte – p. 94.
• studied “stresses that result from interrelations and status differences in the workplace” (p. 94).

5 works are included in text:

• Chester Bernard – *The Economic of Incentives* (p. 97).
  o “from the viewpoint of the organization requiring or seeking contributions from individuals, the problem of effective incentives may be either one of finding positive incentives or of reducing or eliminating negative incentives or burdens” (p. 97).
  o A great list of classes of incentives – p. 98.

  o “Bureaucracy is administration which almost completely voids public discussion of its techniques, although there may be public discussions of its policies” (p. 108).
  o “Another feature of the bureaucratic structure, the stress on depersonalization of relationships, also plays its part in the bureaucrat’s trained incapacity” (p. 111).
  o Discusses dysfunctions of bureaucracy and problems this creates for research.

• Herbert A Simon – *The proverbs of Administration* (p. 116).
  o “For almost every principle one can find an equally plausible and acceptable contradictory principle” (p. 116).
  o He bashes classical organization/administrative theory.
  o Points out, with a topic of centralization vs. decentralization, that each has their benefits/advantages (p. 123).
  o Satisfice!

  o “But as we inspect these formal structures we begin to see that they never succeeded in conquering the non-rational dimensions of organizational behavior” (p. 129).
  o “On one hand, any concrete organizational system is an economy; at the same time, it is an adaptive social structure” (p. 130).

• Richard M. Cyert and James G. March – *A Behavioral Theory of Organizational Objectives* (p. 139).
  o “Our interest is in understanding how complex organizations make decisions, not how they ought to do so” (p. 139).
  o Includes four major subsystems “required for a behavioral theory of organizational decision-making” (p. 140).
Strengths and Weaknesses:

Strengths:

- It found “holes” in classical organization theory, attempted to revise it, and spurred almost all other schools of thought that followed.
- It led to further research and study relating to the humanness of organizational members, coordination needs among administrative units, the operation of internal-external relations, and the processes used in decision making (p. 92).
- De-emphasized simplistic mechanistic organizational theories.
- Helped the future incorporation of professions into organization theory, such as sociology.

Weaknesses:

- “The neoclassicalists did not develop a body of theory that could adequately replace the classical school” (p. 92). It modified it.
- “It attempted to blend assumptions of classical theory with concepts that were subsequently used by later organization theorists from all perspectives” (p. 92): It was an “anti-school” – it couldn’t stand on its own.

Time Line: Since approximately 1957.

Dominant Model, Metaphor, Underlying Assumptions:

Fundamental assumptions (p. 150):
1. Organizations exist to serve human needs (not the reverse).
2. Organizations and people need each other (Organizations need ideas, energy, and talent; people need careers, salaries, and work opportunities).
3. When the fit between the individual and the organization is poor, one or both will suffer. Individuals will be exploited, or will seek to exploit the organization, or both.
4. A good fit between individual and organization benefits both. Humans find meaningful and satisfying work, and organizations get the human talent and energy that they need.

- Behavioral scientists “focused attention on seeking to answer questions such as how organizations could and should allow and encourage their people to grow and develop” (p. 149).
- “From this perspective, it is assumed that organizational creativity, flexibility, and prosperity flow naturally from employee growth and development” (p. 149).
- “The essence of the relationship between organizations and people is redefined from dependence to codependence” (p. 149).
- “People are considered to be as important as or more important than the organization itself” (p. 149) focuses on “people, groups, and the relationships among them and the organizational environment” (p. 149).
- “Because the organizational behavior perspective places a very high value on humans as individuals, things typically are done openly, including providing employees with information they need to make informed decisions with free will about their future (p. 149).
- “the organization is not the independent variable to be manipulated in order to change behavior, even though organizations pay employees to help them achieve organizational goals. Instead, the organization must be seen as the context in which behavior occurs. It is both an independent and dependent variable. The organization influences human behavior just as behavior shapes the organization” (p. 150).
- Enormous field of study with many subfields. Most pervasive themes (p. 151):
  - Leadership
  - Motivation
  - Individuals in teams and groups
  - Effects of the work environment
  - Power and influence
  - Organizational change
- “The most optimistic of all perspectives or schools of organization theory” and “They hold a promise for humankind” (p. 153).
- “people and organizations will grow and prosper together” (p. 153).
- “Individuals and organizations are not necessarily antagonists” (p. 153).
Major Theorists and Contributions:

- “The single most significant set of events that preceded and presaged a conscious theory of organizational behavior” (p. 150).
- Intended to “fit into the mold of classical organization theory thinking” (p. 150).
- Laid the foundation “for a set of assumptions that would be fully articulated and would displace the assumptions of classical organization theory twenty years later” (p. 150).
- The experiments showed “that complex, interacting variables make the difference in motivating people – things like attention paid to workers as individuals, workers’ control over their own work, differences between individuals’ needs, management’s willingness to listen, group norms, and direct feedback” (p. 150).
- “Hawthorn Effect”, Hawthorne experiments.

Mary Parker Follett – p. 151.
- “How orders should be given in any organization: They should be depersonalized ‘to unite all concerned in a study of the situation, to discover the law of the situation and obey that” (p. 151).

Abraham Maslow – p. 151.
- “All humans have needs that underlie their motivational structure” (p. 151).
- “As lower levels of needs are satisfied, they no longer ‘drive’ behavior” (p. 151).
- “Satisfied needs are not motivators” (p. 152).
- “As lower-level needs of workers become satisfied, higher-order needs take over as the motivating forces” (p. 152).
- Few empirical studies have supported his theory, but his theory “continues to occupy a most honored and prominent place in organizational behavior” (p. 152).

- “Explained how managerial assumptions about employees become self-fulfilling prophecies” (p. 152).
- Theory X and Theory Y – contrasting basic managerial assumptions about employees that can become self-fulfilling.
- “Theory X holds that human beings inherently dislike work and will avoid it if possible” (p. 152).
- “Theory Y assumptions postulate, for example, that people do not inherently dislike work; work can be a source of satisfaction” and “People will exercise self-direction and self-control if they are committed to organizational objectives” (p. 152).

Irving Janis – p. 152.
- “Groupthink is a study of pressured for conformance – the reasons that social conformity is encountered so frequently in groups” (p. 152).
- “the mode of thinking that persons engage in when concurrence seeking becomes so dominant in a cohesive in-group that it tends to override realistic appraisal of
alternative courses of action...the desperate drive for consensus at any cost that suppresses dissent among the mighty in the corridors of power” (p. 153).


5 works are included in text:

- **Mary Parker Follett** – *The Giving Orders* (p. 156).
  - “People do not like to be ordered even to take a holiday” and “The wish to govern one’s life is, of course, one of the most fundamental feelings in every human being” (p. 159).

- **Fritz J. Roethlisberger** – *The Hawthorne Experiments* (p. 162).
  - “First, we have to learn to recognize a human problem when we see one; and, second, upon recognizing it, we have to learn to deal with it as such and not as if it were something else” (p. 162).
  - Five methods of simplifying complex situations/problems (p. 162).
  - “A human problem to be brought to a human solution requires human data and human tools” (p. 162).
  - “If this civilization is to survive, we must obtain a new understanding of human motivation and behavior in business organizations – and understanding which can be simply but effectively practiced” (p. 170).

- **Abraham H. Maslow** – *A Theory of Human Motivation* (p. 171).
  - “There are at least five sets of goals, which we may call basic needs. These are briefly physiological, safety, love, esteem, and self-actualization” (p. 180).
  - “These basic goals are related to each other, being arranged in a hierarchical of prepotency” (p. 180).
  - “Any thwarting or possibility of thwarting of these basic human goals, or danger to the defenses which protect them, or to the conditions upon which they rest, is considered to be a psychological threat” (p. 180).
  - “It is such basic threats which bring about the general emergency reactions…” (p. 180).

  - Detailed description of Theory X, Theory Y, and needs.

- **Irving L. Janis** – *Groupthink: The Desperate Drive for Consensus at Any Cost* (p. 189).
  - Review of Bay of Pigs and the decision-making processes. “The main principle of groupthink, which I offer in the spirit of Parkinson’s Law, is this: The more amiability and spirit de corps there is among the members of a policy-making in-group, the greater the danger that independent critical thinking will be replaced by groupthink, which is likely to result in irrational and dehumanizing actions directed against outgroups” (p. 191).
Strengths and Weaknesses:

Strengths:

- Helped address issues of leadership, motivation, teamwork, workplace environment, effects of power and influence, and other related topics.
- Expanded the definition and role of leadership, and its effects.
- Stressed the importance of relationships, cohesiveness, and interdependency.
- Theory is centered on “fit” between individual and organization, employee development, and the resulting benefits to both agency and employee.
- It is an optimistic theory, not focused on conflict between individuals and organizations (as other theories often do).
- The Hawthorne Effect helped shed light on employee productivity.
- Theories X and Y added a new lens for behavioral studies.

Weaknesses:

- Perhaps places too much importance on consideration for the employee.
- Considers productivity through the lens of employee behavior, not the other way around.
- Critics claim some aspects, including Maslow’s contributions, are not supported empirically and “oversimplifies the complex structure of human needs and motivations” (p. 152).
Summary of Organizational Theories

- **School:** Modern Structural Organization Theory (p. 197).

- **Time Line:** Post WW II, second half of 20th century (differentiated from classical structure theories pre-WW II).

- **Dominant Model, Metaphor, Underlying Assumptions:**

  **Fundamental assumptions:**
  1. “Organizations are rational institutions whose primary purpose is to accomplish established objectives; rational organizational behavior is achieved best through systems of defined rules and formal authority. Organizational control and coordination are key for maintaining organizational rationality” (p. 197).
  2. “There is a ‘best’ structure for any organization, or at least a most appropriate structure in light of its given objectives, the environmental conditions surrounding, the nature of its products and/or services, and the technology of the production process” (p. 197).
  3. “Specialization and the division of labor increase the quality and quantity of production, particularly in highly skilled operations and professions” (p. 197).
  4. “Most problems in an organization result from structural flaws and can be solved by changing the structure” (p. 198).

  - “Structural organization theory is concerned with vertical differentiations – hierarchical levels of organizational authority and coordination, and horizontal differentiations between organizational units – such as those between product or service lines, geographical areas, or skills” (p. 197).
  - Org charts are key tools.
  - “Modern” structuralists are concerned with many of the same issues as the classical structuralists” (p. 197).
  - Tenets are similar:
    - Organizational efficiency
    - Organizational rationality
    - Increase the production of wealth in terms of real goods and services

- **Major Theorists and Contributions:**

  **Tom Burns and G. M. Stalker – p. 198.**
  - “Developed their widely cited theory of ‘mechanistic and organic systems of organization” (p. 198).
  - Contributed to the creation of the “sociotechnical approach” (p. 198).
  - “found that stable conditions may suggest the use of a mechanistic form of organization where a traditional pattern of hierarchy, reliance on formal rules and regulations, vertical communications, and structured decision making is possible” (p. 198).
  - “However, more dynamic conditions – situations in which the environment changes rapidly – require the use of an organic form of organization where there is less rigidity, more participation, and more reliance on workers to define and redefine their positions and relationships (p. 198).
• “Either form of organization may be appropriate in particular situations” (p. 198).

• “Assert that all organizations include both a formal and informal element. The informal organization by its nature is rooted in the formal structure and supports its formal organization by establishing norms for the operation of the organization that cannot always be spelled out by rules and policies” (p. 198).
• “It is impossible to know and understand the true structure of a formal organization without a similar understanding of its parallel informal organization” (p. 198).

• “Should an organization be structured according to product or function?” (p. 198).
• “Should all specialists in a given function be grouped under a common boss, regardless of differences in products they are involved in, or should the various functional specialists working on a single product be grouped together under the same superior?” (p. 199).
• “They concluded that either structural arrangement can be appropriate, depending upon the organization’s environment and the nature of the organization itself” (p. 199).

Henry Mintzberg – p. 199.
• “Synthesized many schools of organizational management theory” (p. 199).
• Created “a model of organizations with five interdependent parts: the strategic apex, the middle line, the operating core, the technostructure, and the support staff” (p. 199).

Richard M. Burton and Borge Obel – p. 199.
• Studied “the effects that various dimensions of technology have on organizational design” (p. 199).
• The effects of technology “assessed on six dimensions of organization: formalizations, centralizations, complexity, configuration, coordination and control, and incentives” (p. 199).
• Also, interdependency between organizational structure and information technology, organizations as information processing entities, the effects of media richness on design, and design criteria for fitting information technology to decentralized organizations (p. 199).

5 works are included in text:

• **Tom Burns and G. M. Stalker** – *Mechanistic and Organic Systems* (p. 201).
  o Characteristics of the “Mechanistic Management System” and “Organic Management System” (p. 201-202).
  o “The beginning of administrative wisdom is the awareness that there is no one optimum type of management system” (p. 204).

  o “Social organization refers to the ways in which human conduct becomes socially organized, that is, to the observed regularities in the behavior of people
that are due to the social conditions in which they find themselves rather than to their physiological or psychological characteristics as individuals” (p. 206).
  
  • “Since the distinctive characteristics of these organizations is that they have been formally established for the explicit purpose of achieving certain goals, the term ‘formal organization’ is used to designate them” (p. 208).

  
  • Very detailed piece outlining when (a) organization based on product line or (b) based on function, should be used.
  
  • 3 hybrid techniques included on page 221.

- **Henry Mintzberg** – *The Five Basic Parts of the Organization* (p. 222).
  
  • Operating Core – “the operators carry out the basic work of the organization” (p. 223).
  
  • Strategic Apex – “Those at the very top of the hierarchy, together with their own staff” (p. 223).
  
  • Middle Line – Managers that join the apex to the core.
  
  • Technostructure – “the analysts carry out their work of standardizing the work of others, in addition to applying their analytical techniques to help the organization adapt to its environment” (p. 223).
  
  • Support Staff – “supports the functioning of the operating core indirectly, that is, outside the basic flow of operating work” (p. 223).
  
  • Pooled coupling – “where members share common resources but are otherwise independent” (p. 224).
  
  • Sequential coupling – “members work in series as in a relay race” (p. 225).
  
  • Reciprocal coupling – “the members feed their work back and forth among themselves’ in effect each receives inputs from and provides outputs to the others” (p. 225).
  
  • Scalar chain, hierarchy, and feedback (p. 228).

- **Richard M. Burton and Borge Obel** – *Technology as a contingency Factor* (p. 234).
  
  • Covers “technology’s effect on formalization, centralization, complexity, configuration, coordination and control, and incentives” (p. 234).

**Strengths and Weaknesses:**

**Strengths:**

- Still very focused (in comparison to classical theory) on goals and achievement.
- Expanded the perspective of bureaucracy (mechanistic vs. organic).
- Acknowledges the existence of both formal and informal elements.
- Still a very rational model, but not as closed of a system as classical.
- Stressed formal authority and responsibility.
- Expanded the understanding of specialization and the division of labor.
Summary of Organizational Theories

- More flexible than classical theory (such as organizational structure options: product vs. function).
- Synthesized much of the various schools of thought.
- Acknowledged, to some extent, the existence of external environments, especially technology.

Weaknesses:

- Still a very rational theory.
- Does not completely address the potential of external influences.
- Relies on control rather than empowerment.
- Still considers structure the main tool for making improvements.
School: Organizational Economics Theory (p. 243).

Time Line: Mostly the second half of 20th century.

Dominant Model, Metaphor, Underlying Assumptions:

- Uses "concepts and tools from the field of economics to study the internal processes and structures of the firm" (p. 243).
- Includes the fields of agency theory, behavioral theory, incomplete contract theory, transaction cost economics, and game theory.
- Ronald H. Coase – *The Nature of the Firm* – 1937 article thought to be the origin of organizational economics. Market forces plus hierarchy was its focus.
- Organizational economics theory has addressed:
  - The contractual nature of firms
  - Bounded rationality
  - The significance of investment in specific assets
  - The distinction between specific rights and residual rights
  - The effects of imperfect information
- "These different approaches to organizational economies share a common attention to explaining the emergence and expansion of organizations – hierarchies – given the existence of costs associated with uncertainties, information asymmetries, bounded rationality, and cognitive barriers" (p. 243).
- "In sum, organizational economics deals with a fundamental and universal problem of organizations: How to induce managers and other employees to act in the best interests of those who control ownership or, in the case of government agencies and nonprofit organizations, those who have the authority to control policy and resource allocation decisions" (p. 245).
- "The current wave of management theorists who advocate devolution, outsourcing, and employee and group empowerment approaches must address the types of issues that the organizational economists have been wrestling with since 1937" (p. 245).

Central Themes:

  - "Transaction cost theory provides a general framework for understanding the origin of organizations as mechanisms to reduce transaction costs and to support management decisions under conditions of high uncertainty and opportunism" (p. 243).
  - According to this model, organizations are superior to markets in managing complex and uncertain exchanges because they reduce the cost of transactions (p. 244).

- **Agency Theory** – p. 244.
  - "Agency theory defines managers and other employees as 'agents' of owners who must delegate some authority to agents out of necessity" (p. 244).
• **Price Theory** – p. 244.
  o “Price theory is concerned with how to structure organizations for the free interplay of markets among agents and principals” (p. 244).
  o “However, price theory falls short ‘since the interests of the principal and agent are inclined to diverge, the delegation of authority from the principal to the agent allows a degree of under-fulfillment of the wishes of the principal by the agent” (p. 244).
  o “Agents are utility maximizers who tent to act in their own best interests. Agency theory thus examines the use of price theory mechanisms and hierarchy mechanisms (for example, monitoring) by principals ‘to limit the aberrant activities of the agent’” (p. 244).

• **Theory of Property Rights** – p. 244.
  o “addresses the allocation of costs and rewards among the participants in an organization and, for example, how ‘claims on the assets and cash flows of the organizations…can generally be sold without permission of the other contracting individuals’” (p. 244).

**Major Theorists and Contributions:**

John Locke – *Two Treatises of Government* (1967).

4 works are included in text:

  o “Agency costs are as real as any other costs. The level of agency costs depends among other things on statutory and common law and human ingenuity in devising contracts. Both the law and the sophistication of contracts relevant to the modern corporation are products of a historical process in which there were strong incentives for individuals to minimize agency costs. Moreover, there were alternative organizations forms available, and opportunities to invent new ones. Whatever its shortcomings, the corporation has thus far survived the market test against potential alternatives” (p. 252).

  o Explains “a transactional cost occurs when a good or service is transferred across a technologically separable interface” (p. 244).
  o “By converting exchange relations into hierarchical sub-elements (for example, by ‘making’ instead of ‘buying’ components of the final products), behaviors of transaction partners can be better monitored through direct supervision, auditing, and other organizational control mechanisms” (p. 244).
  o “Transaction costs are thereby reduced or at least controlled by the presence of hierarchy” (p. 244).
Summary of Organizational Theories

- “Transaction cost analysis is an interdisciplinary approach to the study of organizations that joins economics, organization theory, and aspects of contract law” (p. 261).

  - “Perhaps organizational theorists balk at generalizing the definition of the concept of organization to include market and quasi-market phenomena out of fear of academic incursions by economists into the protected domain. Without this broader definition, organization theory becomes just part of a general framework for analyzing economic transactions, a specialty that focuses on the more behavioral aspects of exchange” (p. 265).
  - “Is this a bad thing? If, after all, the nature of the phenomena being studied requires this integration, is it not appropriate to attempt to accomplish it?” (p. 265).

- **Paul H. Rubin** – *Managing Business Transactions* (p. 268).
  - “focuses on the cost of maintaining the principal-agent relationship, how to minimize costs, and the effects of transaction costs on management decisions” (p. 245).
  - “First people are self-interested and opportunistic. Second, it is impossible to write complete contracts with take account of any and all possible events and which eliminate all forms of opportunism or cheating” (p. 245).
  - “Thus, other mechanisms must be used to minimize agency costs” such as “pre-contractual and post-contractual mechanisms, including adverse selection, the market, the ‘use of hostages and credible commitments to support exchange,’ strategically selected payment schemes, reputation, and ethics” (p. 245).
  - “Because there is a limit to our willingness to reduce our own incomes in order to benefit others (another possible meaning of ethics), there are advantages of structuring transactions in ways which lead us to provide such benefits without harming ourselves” (p. 270).

**Strengths and Weaknesses:**

**Strengths:**

- Incorporated fields within economics.
- Helped explain that price theory alone does not control behavior.
- Helped spur production by providing additional tools and lenses (such as reducing transaction costs).
- Incorporated behavior into agency theory.
- Assisted in the legal foundation of “who” owns “what” information within an organization (property rights).
Weaknesses:

- Complex and often technical.
- Organizational structure and change through the economic lens is very limiting, and is based deeply within reduction of costs.
- Raises ethical/equity issues.
Summary of Organizational Theories

- **School:** Power and Politics Organization Theory (p. 271).

- **Time Line:** 1970s through today.

- **Dominant Model, Metaphor, Underlying Assumptions:**
  - “Organizations are viewed as complex systems of individuals and coalitions, each having its own interests, beliefs, values, preferences, perspectives, and perceptions” (p. 271).
  - “The coalitions continuously compete with each other for scarce organizational resources” (p. 271).
  - “Influence – as well as the power and political activities through which influence is acquired and maintained – is the primary ‘weapon’ for use in competition and conflicts” (p. 271).
  - “Organizational goals are only rarely established by people in positions of formal authority. Goals result from ongoing maneuvering and bargaining among individuals and coalitions” (p. 271).
  - “Most coalitions are transitory: They shift with issues and often cross vertical and horizontal organizational boundaries. Organizational goals change with shifts in the balance of power among coalitions” (p. 271-272).
  - Power relations are permanent features of organizations primarily because specialization and the division of labor result in the creation of many interdependent organization units with varying degrees of importance to the well-being of the organization. The units compete with each other for scarce resources as well as with the transitory coalitions” (p. 272).
  - The power and politics theories view authority as only one of the many available sources of organizational power, and power is aimed in all directions – not just down through the hierarchy” (p. 272).
  - “Sources of power in organizations include: control over scarce resources, access to others who are perceived as having power, a central place in a potent coalition, ability to ‘work the organizational rules’, and credibility” (p. 272).
  - “Reemphasizes that organizational behavior and decisions are frequently not ‘rational’ – as the word is used by the ‘modern’ structural, organizational economics, and the systems/environment schools, meaning ‘directed toward the accomplishment of established organizational goals’. Thus, this particular definition of power highlights the primary reason why the power and politics theories reject the basic assumptions of the ‘modern’ structural, organizational economics, and the systems/environment schools as being naïve and unrealistic and downplay the importance of those theories of organization” (p. 273).

- **Major Theorists and Contributions:**

  **Rosabeth Moss Kantor – p. 271.**
  - “Contends that ‘Power is America’s last dirty word. It is easier to talk about money – and much easier to talk about sex – than it is to talk about power’” (p. 271).
• “Executive and managerial power is a necessary ingredient for moving organizations toward their goals. ‘Power can mean efficacy and capacity’ for organizations” (p. 274).
• “Kanter identifies three groups of positions within organizations that are particularly susceptible to powerlessness; first-line supervisors, staff professionals, and top executives” (p. 274).
• “Her primary concern is that at higher organizational levels, the power to ‘punish, to prevent, to sell off, to reduce, to fire, all without appropriate concern for consequences’ grows, but the power needed for positive accomplishments does not” (p. 274).
• “Thus, in larger organizations, powerlessness (or perceived powerlessness) can be a more substantive problem that possession of power. By empowering others, leaders can actually acquire more ‘productive power’ – the power needed to accomplish organizational goals” (p. 274).

• “Organizations have many conflicting goals, and different sets of goals take priority as the balance of power changes among coalitions – as different coalitions gain and use enough power to control them” (p. 272).

• “A lack of balance in the interdependence among units sets the stage for the use of power relations” (p. 272).

Jeffrey Pfeffer – p. 272.
• “Those persons and those units that have the responsibility for performing the more critical tasks in the organization have a natural advantage in developing and exercising power in the organization...Power is first and foremost a structural phenomenon, and should be understood as such (p. 272).
• “Power is the ability to get things done the way one wants them done; it is the latent ability to influence people” (p. 272).
• “Power is context or relation specific. A person is not ‘powerful’ in general, but only with respect to other social actors in a specific social relationship” (p. 273).
• “His basic theme is that power and politics are fundamental concepts for understanding behavior in organizations. He defines the concepts of power, authority, and organizational politics, and he identifies the ‘place of power’ in the literature of organization theory” (p. 273).

• “In today’s organizational world, there is an increasing gap between the power one needs to get the job done and the power that automatically comes with the job (authority)” (p. 272).

• “Organizations are oligarchic by their nature because majorities in organizations are not able to rule themselves” (p. 273).
- “Power and influence involve relations between at least two agents” and “the reaction of the recipient agent is the most useful focus for explaining the phenomena of social influence and power” (p. 273-274).
- Identified “five bases of sources of social power: reward power, the perception of coercive power, legitimate power (organizational authority), referent power (through association with others who possess power), and expert power (power from knowledge or ability)” (p. 274).
- “The use of power from the different bases has different consequences” (p. 274).

James March – p. 274.
- “March discusses the advantages and limitations of three approaches to the study of power: experimental studies, community studies, and institutional studies” and “March assesses the usefulness of six types of models of social choice for arriving at empirically meaningful predictions about power” (p. 274).
- Concludes “Although power and influence are useful concepts for many kinds of situations, they have not greatly helped us to understand many of the natural social-choice mechanisms in which they have traditionally been applied...On the whole,...power is a disappointing concept” for social research (p. 274).

Henry Mintzberg – p. 274.
- “Organizational behavior is viewed as a power game. The ‘players’ are ‘influencers’ with carrying personal needs who attempt to control organizational decisions and actions” (p. 275).
- “Thus, to understand the behavior of the organization, it is necessary to understand which influencers are present, what needs each seeks to fulfill in the organization, and how each is able to exercise power to fulfill them” (p. 275).
- “Focuses on ‘influencers’ who they are, and where their power comes from. Eleven groups of possible influencers are listed; five are in the ‘external coalition’ and six in the ‘internal coalition’” (p. 275).
- The external coalition consists of the owners ‘associates’, employee associations, the organization’s various public, and the corporate directors. The internal coalition is composed of the chief executive officer, operators, line managers, analysts, the support staff, and – the final ‘actor’ in Mintzberg’s internal coalition – the ideology of the organization” (p. 275).

6 works are included in text:

- Jeffrey Pfeffer – Understanding the Role of Power in Decision Making (p. 277).
  - “Standard operating procedures, rules, and behavior repertoires clearly exist and are important to organizations. Much organizational decision making involves issues that are neither important nor contested, and in such cases, standard operating procedures are sufficient to get the decisions made in an inexpensive fashion.
However, it is necessary to be aware that these various rules, norms, and procedures have in themselves implications for the distribution of power and authority in organizations and for how contested decisions should be resolved. The rules and processes themselves become important focal points for the exercise of power. They are not always neutral and not always substantively rational" (p. 289).

  - “The party is created as a means to secure an end. Having, however, become an end in itself, endowed with aims and interests of its own, it undergoes detachment, from the teleological point of view, from the class which it represents” (p. 295).

  - Concluded:
    1. “For all five types, the stronger the basis of power, the greater the power.
    2. For any type of power the size of the range may vary greatly, but in general referent power will have the broadest range.
    3. Any attempt to utilize power outside the range of power will tend to reduce the power.
    4. A new state of a system produced by reward power or coercive power will be highly dependent on O (social agent), and the more observable P’s (persons) conformity the more dependent the state. For the other three types of power, the new state is usually dependent, at least in the beginning, but in any case, the level of observability has no effect on the degree of dependence.
    5. Coercion results in the decreased attraction of P toward O and high resistance; reward power results in increased attraction and low resistance.
    6. The more legitimate the coercion the less it will produce resistance and decreased attraction” (p. 305)

  - “Power may become more useful as a concept if we can develop analytic and empirical procedures for coping with the more complicated forms of force models, involving activation, conditioning, and depletion of power (p. 318).

- **Rosabeth Moss Kanter** – *Power Failure in Management Crisis* (p. 320).
  - The true sign of power, then, is accomplishment – not fear, terror, or tyranny. Where power is ‘on’ the system can be productive; where power is ‘off,’ the system bogs down” (p. 320).
  - “We can regard the uniquely organizational sources of power as consisting of three ‘lines’:
    1. Lines of Supply
    2. Lines of Information
    3. Lines of Support
“Organizational power can grow, in part, by being shared” (p. 328).
“Delegation does not mean abdication” (p. 328).
“One might wonder why more organizations do not adopt such empowering strategies. There are standard answers; that giving up control is threatening to people who have fought for every shred of it; that people do not want to share power with those they look down on; that managers fear losing their own place and special privileges in the system; that ‘predictability’ often rates higher than ‘flexibility’ as an organizational value; and so forth” (p. 329).

**Henry Mintzberg** – *The Power Game and the Players* (p. 330).
“People are of course driven by a variety of needs – by intrinsic values such as the need for control or autonomy, or in Maslow’s (1954) needs hierarchy theory, by physiological, safety, love, esteem, and self-actualization needs; by the values instilled in them as children or developed later through socialization and various identifications; by the need to exploit fully whatever skills and abilities they happen to have; by their desire to avoid repetition of painful experiences or repeat successful ones; by opportunism, the drive to exploit whatever opportunities happen to present themselves. All of these needs contribute to the makeup of each influencer and lead to an infinite variety of behaviors” (p. 334).

**Strengths and Weaknesses:**

**Strengths:**

- Adds a lens of power and politics to organizational function and behavior.
- Emphasizes that human behavior is not always rational.
- Builds on understanding of goal setting factors.
- Attempts to identify all aspects and players of political power and influence.

**Weaknesses:**

- Raises awareness of competition, not necessarily solving them.
- Doesn’t explain, very well, how to increase immunity from power and politics.
- Attempts to discredit rational schools and their benefits.
School: Theories of Organizational Culture and Change (p. 338).

Time Line: Some early writings in the 1950s-1960s, but gained notoriety in the 1980s.

Dominant Model, Metaphor, Underlying Assumptions:

- “Organizational culture, like societal culture, is “comprised of many intangible phenomena, such as values, beliefs, assumptions, perceptions, behavioral norms, artifacts, and patterns of behavior” (p. 338).
- “Lasting organizational reform requires changes in organizational culture” (p. 338).
- “Organizational cultures that reflect unwanted values, such as hierarchy, rigidity, homogeneity, power based on authority and associations in closed networks, and reliance on rules, restrict flexibility and can be formidable barriers to effecting lasting change” (p. 338).
- “Organizational members often hang onto familiar ‘tried and true’ beliefs, values, policies and practices of the organizational culture even when these ‘old ways’ have ceased to serve the organization well” (p. 338).
- “The task is to replace these cultures with cultures where horizontal relations, open and accessible networks, flexibility, responsiveness, individual and group empowerment, diversity, and customer service are valued” (p. 338).
- “Therefore, understanding and appreciating the theory of organizational culture – the organizational culture perspective – as well as the existing culture of a particular organization, is necessary for effecting lasting organizational change” (p. 338).

The Organizational Culture Perspective – p. 338.

- “is a set of organization theories with its own assumptions about organizational realities and relationships” (p. 338).
- “challenges the basic views of these more rational perspectives (Modern structural, organizational economics, and systems/environment theories) about, for example, how organizations make decisions and how and why organizations – and people in organizations – act as they do” (p. 339).
- “The organizational culture perspective thus assumes that many organizational behaviors and decisions are not determined by rational analysis. Instead, they are, in effect, predetermined by the patterns of basic assumptions held by members of an organization. These patterns of assumptions continue to exist and influence behaviors in an organization because they have repeatedly led people to make decisions that ‘worked best in the past’” (p. 339).
- “In sum, the organizational culture perspective believes that the ‘modern’ structural, organizational economic, and systems/environment schools of organization theory are using the wrong tools (or the wrong ‘lenses’) to look at the wrong organizational elements in their attempts to understand and predict organizational behavior” (p. 340).

- “The approaches to major organizational change – reforming organizations – that had dominated the literature in the 1970s, 1980s, and through most of the 1990s shared their origins in the realization that U.S. companies and government agencies had lost their competitiveness and agility during the last three decades of the 20th century, as well as the understanding that organizational change required more than structural or functional ‘tweaking’ – that organizational cultures had to be reformed” (p. 340).
- “The turning point for the ‘total quality movement’ in the United States” was due to the “NBC television documentary, If Japan Can... Why Can’t We?” which “documented Deming’s experience and successes in Japan” (p. 341).

Organizational Culture and Symbolic Management in the 1980s and 1990s – p. 341.

- “the symbolic frame, symbolic management, or organizational symbolism:
  1. The meaning or interpretation of what is happening in organizations is more important than what is actually happening;
  2. Ambiguity and uncertainty, which are prevalent in most organizations, preclude rational problem-solving and decision-making; and,
  3. People use symbols to reduce ambiguity and to gain a sense of direction when they are faced with uncertainty” (p. 342).
- Peter Berger and Thomas Luckmann had defined meanings as “socially constructed realities” and “thus paved the way for the symbolic frame. Things are not real in and of themselves; the perceptions of them are, in fact, reality” (p. 342).
- A.I. Thomas wrote “If people believe things are real, they are real in their consequence” (p. 342).
- “According to the organizational culture perspective, meaning (reality) is established by and among the people in organizations – by the organizational culture” (p. 342).

Major Theorists and Contributions:

Early organization contributors:

Dr. W. Edward Deming – p. 343.
- 1950 trip to Japan, “succeeded in convincing a number of Japanese executives to adopt his approach to statistical quality control” (p. 341).
- Deming’s 14 points of management – p. 343.

- Also went to Japan and “emphasized the management part of quality” (p. 341).

Val Feigenbaum – p. 341.
- Introduced “total quality control (TQC), a management approach that allowed employees across organizations to participate in quality improvement activities – from the chair of the board to hourly workers, from suppliers to customers, and the community” (p. 341).
Terrence Deal and Allan Kennedy – *Corporate Cultures* (1982).

The first comprehensive, theoretically based, integrative writings on organizational culture were published in 1984-1986, including:

- **Edgar Schein** – *Organizational Culture and Leadership* (1985).
- **Vijay Sathe** – *Culture and Related Corporate realities* (1985).
  - “Culture is to the organization what personality is to the individual – a hidden, yet unifying theme that provides meaning, direction, and mobilization” (p. 338).

**Examples of Reform Movements that Require Changes in Organizational Culture** (p. 342-343):

- Total Quality Management
- Japanese Movement
- The Search for Excellence
- Sociotechnical Systems of Quality of Work Life
- Learning Organizations
- Productivity Measurement/Balanced Scorecard
- Reinventing Government
- Reengineering, Process Reengineering, or Business Reengineering

**Techniques associated with these reform movements:**

- Sought to increase productivity, flexibility, responsiveness, and customer service by reshaping organizational cultures.
- Empowered employees and work teams are granted autonomy and discretion to make decisions.
- Work teams coordinate tasks and discipline their own members.
- Policies, procedures, and layers of hierarchy are eliminated.
- Accountability to the bosses is replaced by accountability to customers or clients. Data-based information systems provide the information needed to coordinate and correct actions in real time.
- Levels of middle managers and supervisors are eliminated because they are not needed, do not add value, cost too much, and get in the way of empowered employees.
Summary of Organizational Theories

- **Edgar H. Schein** – *The Concept of Organizational Culture: Why Bother* (p. 349).
  - Schein’s definition of Organizational Culture has gained wide, but not universal acceptance.
  - “His definition consists of a model with three levels of culture (group, organizational, and occupational) that is particularly useful for sorting through myriad methodological and substantive problems associated with identifying an organizational culture” (p. 344).
  - “The culture of a group can now be defined as a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaption and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems (p. 356).
  - Mentions the difficulty of “outsiders” assessing true organizational culture.
  - “The bottom line for leaders is that if they do not become conscious of the cultures in which they are embedded, those cultures will manage them” (p. 358).
  - “Cultural understanding is desirable for all of us, but it is essential to leaders if they are to lead…” (p. 358).

- **Joanne Martin** – *Organizational Culture: Pieces of the Puzzle* (p. 361).
  - “Attempts to answer the questions ‘what is culture’ and ‘what is not culture?’ using the intellectual traditions of functionalism, critical theory, and postmodernism” (p. 344).
  - “What distinguishes a cultural study from an inventory...is a willingness to look beneath the surface, to gain an in-depth understanding of how people interpret the meanings of...manifestations and how...interpretations form patterns of clarity, inconsistency, and ambiguity that can be used to characterize understandings of working lives” (p. 344).
  - “She concludes ‘Because cultural researchers do not agree what we should study when we claim to be studying culture, and because our definitions of culture do not always agree with how we operationalize the concept, it is no wonder that we also disagree about what we have learned, so far, about culture’” (p. 344).
  - “Common types of rituals” (p. 370).
  - “Cultural manifestations are consistent or not, cultural members appear to agree or not, and interpretations are singular and clear or multiple and ambiguous” (p. 380).

  - Focuses on “Could Japanese management methods be utilized in the United States?” (p. 345)
  - His “objective became to separate the culturally specific principles from those universally applicable to economic organizations” (p. 345).
The Z Organization “describes the style and substance of companies that achieved a high state of consistency in their organizational cultures. In the sense that Z organizations are more like clans than markets or bureaucracies, they foster close interchange between work and social life” (p. 345).

“Ouchi contends that ‘social organizations are incompatible with formality, distance, and contractualism. They proceed smoothly only with intimacy, subtlety, and trust’ (p. 345).

“Organizational life is a life of interdependence, or relying upon others” (p. 385).

“All too often a federal bureau will fail to do that which makes sense because common sense does not fit the rules. All too often bureaucrats, trained not to allow personal values to intrude on decisions, will treat us, their customers, in an unfeeling manner. All too often the machinery of government will respond slowly and inefficiently with poor coordination between agencies, because they have learned not to trust one another, not to rely on subtlety, not to develop intimacy” (p. 394)

• **David L. Cooperrider and Diana Whitney – Appreciative Inquiry** (p. 395).
  - Appreciative Inquiry (AI) “proposes, quite bluntly, that organizations are not, at their core, problems to be solved…Organizations are centers of vital connections and life-giving potentials: relationships, partnerships, alliances, and ever-expanding webs of knowledge and action that are capable of harnessing the power of combinations of strengths” (p. 345).
  - Based on a “socio-rationalist” view “that engages organizational embers in a process for appreciating and valuing what might be rather than analyzing existing problems or their causes” (p. 345).
  - “The principles of Appreciative Inquiry suggest the idea that collective strengths do more than perform – they transform (p. 395).
  - The Positive Core of Organizational Life – p. 398.

**Strengths and Weaknesses:**

**Strengths:**

- It is an open system that seeks to better understand external environments.
- Offers many tools to understand organizational culture.
- Diverse collection of subjects.
- Helped address the U.S. economic slowdown from the 1970s-1990s.
- Explains symbolism within organizations.
- Offers viewpoints of “how” to initiate changes in organizational culture.
- Blends human relations aspects with other schools of thought.
- Incorporated, and resulted in, a huge body of organizational change tools (TQM, REGO, etc.).
Weaknesses:

- Focuses mainly on external environments.
- Explains organizational culture is difficult to identify and measure (such as the predetermined patterns).
- Less rational.
- Since culture and symbolism are hard to identify, changes based on such need rational approaches.
School: Theories of Organizations and Environments (p. 401).


Dominant Model, Metaphor, Underlying Assumptions:


- “The primary focus of research and theory building shifted from the internal characteristics of organizations to the external dynamics of organizational competition, interaction, and interdependency” (p. 401).
- “The organization as open systems perspective views organizations as systems of interdependent activities embedded in and dependent on wider environments” (p. 401).
- “System theories of organization have two major conceptual themes or components:
  1. Applications of Ludwig Von Bertalanffy’s general systems theory to organizations, and
  2. The use of quantitative tools and techniques to understand complex relationships among organizational and environmental variables and thereby to optimize decisions” (p. 401).
- “A system is an organized collection of parts united by prescribed interactions and designed for the accomplishment of specific goals or general purposes” (p. 401).
- “System theory views and organization as a complex set of dynamically intertwined and interconnected elements, including its inputs, processes, outputs, and feedback loops, and the environment in which it operates and with which it continually interacts” and “a change in any element of the system causes changes in other elements” (p. 401).
- “The interconnections tend to be complex, dynamic, and often unknown; thus, when management makes decisions involving one organizational element, unanticipated impacts usually occur throughout the organizational system” (p. 401).
- “Whereas classical organization theory tends to be single-dimensional and somewhat simplistic, open systems theories tend to be multidimensional and complex in their assumptions about organizational cause-and-effect relationships. The classicalists viewed organizations as static structures; systems theorists see organizations as always-changing processes of interaction among organizational and environmental elements” (p. 401).
- “Classical organization theorists saw organizations as rational but closed systems that pursued the goal of economic efficiency” (p. 403).
- “Organizations are not static, but are rather in constantly shifting states of dynamic equilibrium. They are adaptive systems that are integral parts of their environments. Organizations must adjust to changes in their environment if they are to survive; in turn, virtually all of their decisions and actions affect their environment” (p. 401-402).
- “The systems approach is strongly cause-and-effect oriented (‘positivist’) in its philosophy and methods. In these respects, system theories have close ties to the scientific management approach of Frederick Winslow Taylor. Whereas Taylor used quantitative scientific methods to find ‘the one best way,’ the systems theorist uses
quantitative scientific methods to identify cause-and-effect relationships to find optimal solutions…systems theories are often called management sciences” (p. 402).

- “Computers, models, and interdisciplinary teams of analysts are the tools of the systems perspective” (p. 402).
- “defense and aerospace programs provided the development and testing settings for many of the tools and techniques of operations research, including PERT (Performance Evaluation and Review Technique), CPM (Critical Path Method), statistical inference, linear programming, gaming, Monte Carol methods, and simulation" (p. 402).

Institutional Theory – p. 403.

- “asserts that the world is a product of our ideas and conceptions; our socially created and validated meanings define reality. The rise of the modern world as we know it was not caused solely by new production technologies and administrative structures for coordinating complex activities. The growth of certain beliefs and cognitions about the nature of the world and the way things happen – and should happen – also shaped the modern world” (p. 403).
- “Beliefs about organizations and institutions are created and reinforced by a wide range of actors and forces, including universities, professional groups, public opinion, the mass media, the state, and laws (p. 403).
- “According to institutional theory, an organization’s life chances are significantly improved by an organization’s demonstrated conformity to the norms and social expectations of the institutional environments. Thus, environments are sources of legitimacy and support” (p. 403).
- “Many of the environmental forces that affect organizations are not based on the values of efficiency or effectiveness but instead on social and cultural pressures to conform to a prescribed structural form” (p. 403).
- “The early intraorganizational-level theories focused on primarily on the internal structure, processes, and dynamics of organizations, while depicting organizations as separate from their environments – as closed entities with clear boundaries” (p. 404).
- “Theories of Organizations and Society” – chapter 9, builds “on and extend the open systems perspective” (p. 404).


- “Stresses that all organizations exchange resources with their environment as a condition for survival” (p. 403).

Major Theorists and Contributions:

Daniel Katz and Robert Kahn – p. 401.

- “Articulated the concept of organizations as open systems” (p. 401).
- “Provided the intellectual basis for merging classical, neoclassical, human relations/behavioral, "modern" structural, and systems perspectives of organizations. They balanced these perspectives through their concept of organizations as open systems – systems that include organizations and their environments” (p. 402).
James D. Thompson – p. 401.
- Suggested that “the closed system approach may be realistic only at the technical level or organizational operations” (p. 401).

- “The basic concept behind cybernetics is self-regulation – through biological, social, or technological systems that can identify problems, do something about them, and receive feedback to adjust themselves automatically” (p. 402).

4 works are included in text:
- Daniel Katz and Robert L. Kahn – Organizations and the System Concept (p. 407).
  - Conclude “that the traditional closed-system view of organizations has led to a failure to fully appreciate the interdependencies and interactions between organizations and their environments” (p. 403).
  - Common characteristics of open systems” (p. 410-415):
    - Importation of Energy
    - The Through-Put
    - The Output
    - Systems as Cycles of Events
    - Negative Entropy
    - Information Input, Negative Feedback, and the Coding process
    - The Steady State and Dynamic Homeostasis
    - Differentiation
    - Equifinality
  - The open-system approach to organizations is contrasted with common-sense approaches, which tend to accept popular names and stereotypes as basic organizational properties and to identify the purpose of an organization in terms of the goals of its founders and leaders (p. 416).
  - The open system approach, on the other hand, begins by identify and mapping the repeated cycles of input, transformation, output, and renewed input which comprise the organizational pattern (p. 416).
  - Traditional organizational theories have tended to view the human organization as a closed system. This tendency has led to a disregard of differing organizational environments and the nature of organizational dependency on environment. It has led also to an overconcentration on principles of internal organizational functioning, with consequent failure to develop and understand the processes of feedback which are essential to survival” (p. 417).
- James D. Thompson – Organizations in Action (p. 419).
  - Thompson “seeks to bridge the gap between open and closed systems by postulating that organizations ‘abhor uncertainty’ and deal with it in the environment by creating specific elements designed to cope with the outside world, while other elements are able to focus on the rational nature of technical operations” (p. 403).
“Core technologies rest on closed systems of logic, but are invariably embedded in a larger organizational rationality which pins the technology to a time and place, and links it with the larger environment through input and output activities. Organizational rationality thus calls for an open-system of logic, for when the organization is opened to environmental influences” (p. 430).

  - Emphasize cultural and institutional environmental influences while arguing that the modern world contains socially constructed practices and norms that provide the framework for the creation and elaboration of formal organizations (p. 403).
  - “Organizational structures are created and made more elaborate with the rise of institutionalized myths, and, in highly institutionalized contexts, organizational action must support these myths. But an organization must also tend to practical activity. The two requirements are at odds. A stable solution is to maintain the organization in a loosely coupled nature” (p. 446).

  - Explain that “one cannot understand the structure and behavior of an organization without understanding the context within which it operates” (p. 403).
  - “No organizations are self-sufficient, and thus they must engage in exchanges with their environment in order to survive. Organizations need to acquire resources from their environment, and the importance and scarcity of these resources determine the extent of organizational dependency in and on their environment. For example, information is a resource organizations need to reduce uncertainty and dependency, and thus organizations seek information to survive” (p. 403).
  - “The key to organizational survival is the ability to acquire and maintain resources” (p. 449).
  - “When the administrator really does make a difference and really does affect organizational performance, his effect will be obvious to all and there will be little need to make a show of power and control. It is only when the administrator makes little or no difference that some symbol of control and effectiveness is needed” (p. 457).
  - “Many organizational troubles stem from inaccurate perceptions of external demands or from patterns of dependence on the environment (p. 549).
  - “After all, anyone can make decisions or take actions – it requires more skill to be correct” (p. 459).
• **Glenn R. Carroll and Michael T. Hannan** – *Demography of Corporations and Industries* (p. 461).
  
  o Draw on the theories of organizational ecology to explore theories, models, methods, and data used in demographic approaches to organizational studies. Organizational ecologists assess the applicability of bio-ecological models to the study or organization–environment relations (p. 404).
  
  o “From this perspective, organizational environments are the loci of competition, selection, and the survival of the fittest. Organizations do not adapt to their changing environments by making decisions, instead, the environment selects the fittest among different organizational forms” (p. 404).
  
  o “Explain how ‘populations of organizations’ change over time through the processes of founding, growth, decline, transformation, and mortality” (p. 404).
  
  o The organizational ecology approach differs from other open system theory approaches in that it focuses on populations of organizations rather than individual organizational units” and “organizational ecology attempts to explain why certain types or species of organizations survive and multiply whereas others languish and die” (p. 404).
  
  o “Environments differentially select organizations for survival on the basis of the fit between organization forms and environmental characteristics” and “the stronger the pressures are from within or outside an organization, the less flexibly adaptive it can be and the higher likelihood that environmental selection will prevail” (p. 404).

**Strengths and Weaknesses:**

**Strengths:**

- Open systems approach that attempts to account for internal and external environments.
- Attempts to address interwoven variables.
- Multi-dimension approaches.
- Led to institutional, resource dependence, and other theories.
- Is considered an intellectual merger of most prior schools of thought.

**Weaknesses:**

- Locus of control is mostly external.
- Deemphasizes rational and closed systems.
- States that the use of closed systems is useful only to core technologies.
References