CHAPTER TWO

ORGANISATIONS AND ORGANISING: Insights from Theories

This chapter sketches some of the theories on organisations and organising largely from a sociological perspective. Beginning with the ‘goal and role’ determined definitions of the term ‘organisation’, we explore the classical theories of bureaucracy and scientific management which viewed human beings almost as machines who can perform effectively given a clear organisational blueprint. We look at theorists such as Henri Fayol, who stressed on the importance of division of labour and specialized knowledge; Max Weber, who differentiated modern bureaucratic authority from charismatic and traditional authority and Karl Marx, who criticised the capitalist society and recommended the shared ownership of the means of production and the fruits of the labour for a truly democratic society. Then we discuss some thinkers on ‘organisations for efficiency’ such as Robert Michels and Frederick Taylor. We then move to theories that consider the unplanned, emotional and not necessarily rational, ‘human relations approach’ such as the Hawthorne Experiment, Maslow’s theory of self-actualization and Douglas McGregor’s views on personnel management.

It is difficult to compartmentalize the existing theories as there are overlaps among them. The chapter highlights some of the structuralist theories, which synthesise classical bureaucratic theories and the human relations or interactionist approaches.

We then examine theories that discuss the impact of environment, both external and internal, on organisations: the contingency theory, T. Burns and G. Stalker’s views on organic systems, the resource dependency theory, the institutional theory, and the compliance model.

2.1: Defining Organisations

Our society is an organisational society. We are born in organisations, educated by organisations, and most of us spend much of our lives working for organisations. We
spend much of our leisure time paying, playing, and praying in organisations. Most of us will die in an organisation, and when the time comes for burial, the largest organisation of all - the state - must grant official permission.

– American sociologist, Amitai Etzioni: *Modern Organisations* (1964: 1)

‘Organisations are all around us. Because of their ubiquity, however, they fade into the background, and we need to be reminded of their impact’ (Scott 1992: 3). Richard Scott (1992: 10) defines the term ‘organisations’ as ‘social structures created by individuals to support the collaborative pursuit of specified goals’, and says that ‘the development of organisations is the principle mechanism by which, in a highly differentiated society, it is possible to ‘get things done,’ to achieve goals beyond the reach of the individual’ (ibid.: 4). Several others too have differentiated other social groups from organisations by the goal-oriented perspective (Parsons 1956: 63; Donaldson 1995: 135). Jeffery Pfeffer (1997: 8) views organisations as ‘collections of individual efforts that are coordinated to achieve things that could not be achieved through individual action alone’. Pfeffer extends the definition by saying that organisation goals may not be static and could evolve or change with time and that ‘organisations are more likely than other social groups to have a goal or survival and self-perpetuation, have clearly defined, demarcated, and defended boundaries, and often (although not invariably) have some formal relationship with the state that recognizes their existence as distinct social entities’ (ibid.: 9). Organisations, therefore, differ from other social units like the family, friendship groups and the community because they are designed to realize clearly defined objectives or goals.

But organisations are not just instruments for the implementation of certain objectives: they shape and are shaped by people, in their actions and ideas and histories are contained memories of their past, their origins, of traumatic splits, of dramatic campaigns, of hope and despair. The selection of a particular kind of structure, as well as the internal processes followed by any organisation are statements of political consciousness (Gandhi and Shah 1992: 273). Because of the dominant role played by organisations in our everyday lives, the structure and processes of organisations have been critical areas of research among social scientists. The studies on the structure have been concerned with (a) how the organisation
is put together, (b) who reports to whom, (c) the degree of centralization or decision making power concentrated at the top, and (d) the extent of the rules, policies, regulations, and procedures in an organisation. The studies on processes have been concerned with (a) internal processes of conflict and resolution, (b) internal politics, (c) corporate culture, and (d) the organisational life cycle (Banner and Gagne 1995). However, most studies have been concerned with how structure and process operate together for the efficient achievement of organisational goals and more specifically to increase productivity. We will now look at some of the theories on organisation structure and processes.

2.2. Theories of Bureaucracy and Scientific Management

2.2.1. The Rational Model

The classical models of organisation have often been referred to as ‘machine models’ (Champion 1975: 31) or ‘rational models’. In these models, the organisation, though comprising of human beings, is viewed as a machine, or a mechanical device, which can function effectively if given a set of specifications or a blueprint for the accomplishment of a task or the achievement of a given purpose (Katz and Kahn 1966: 71). Joseph Massie (1965) discusses some of the assumptions made by classical theorists. Classical theory, he says, measures efficiency only in terms of productivity, which only relates to the economic utilization of resources in a mechanical process without consideration for human factors. All human beings are assumed to act rationally and logically towards the set goal under the planned guidance and direction of superiors and under close supervision. These theories assume that all tasks required can be outlined before execution. These theories also hold that it is economic need that motivates workers and, therefore, stresses the need for monetary incentives to ensure accountability. Hierarchy is essential and authority is delegated downwards. These theories talk of simplification and repetition of tasks to improve productivity. Personal problems and individual characteristics are completely ignored. Most classical theorists were concerned chiefly with the formal aspects of organisation. As we will see below, organisations were seen as self-consciously designed tools used to attain specific goals. All these theories stress that an organisational blueprint would mean greater efficiency.
Henri Fayol (1841–1925)

This French mining engineer Henri Fayol, who was in charge of a coal mining and steel company, formulated from his experiences, certain principles of management which he felt were applicable to not only large private but also public organisations. Fayol, a rational systems theorist, stressed that division of labour and specialized knowledge would lead to a proficiency in the task assigned. According to him individuals and departments need to subordinate their interests to those of the organisation. The function of the management was to plan, organize, command, coordinate and control and, at the same time, it had to be competent enough to elicit ‘loyalty and obedience’ from the workers. Fayol’s examples to discuss his management principles were drawn often from the French army. The need for order, discipline and rationality was emphasized, (Fayol 1937). Fayol spoke of individuals as ‘only a cog in a big machine, all of whose parts must work in concert’ (Fayol 1949). He recommended that no subordinate should need to take orders from more than one superior as this could lead to anarchy in the case of differing opinions. He stressed the importance of an organisation chart to clarify the line of authority, communication and to demarcate responsibilities. Fayol’s contribution to organisation theory has not only been organisation structure, the distinction between line and staff, but he also made mention of what later became known as the span of control. He said that there should be limitations on the number of persons one individual can supervise and this would largely depend on the complexity or nature of the work being performed by the subordinate. He recommended, for example, that a manager should not supervise more than six persons while a foreman can supervise about 15–30.

Max Weber (1864–1920)

Most books on the sociology of organisations have acknowledged the work of Max Weber, a German sociologist, as the most influential in the development of modern organisational theory (Merton et al. 1952: 17; Etzioni 1964: 50; Mouzelis 1968: 38). Weber is considered the pioneer in work on bureaucracy, however, most of his writing was on political authority and government organisation and not business organisations. He believed that bureaucratic organisations in which there was a hierarchy of paid, full-time officials in a chain of command concerned with the business of administration,
controlling, managing and coordinating a complex series of tasks, formed the dominant institutions of industrial society.

Weber argued that purpose directed all human action. Therefore, to understand and explain any action it was important to comprehend the meaning or motive behind the action. According to Weber, there were various types of actions such as ‘affective’ or ‘emotional action’ which stem from an individual’s emotional state at a particular time, ‘traditional action’ which is based on established custom, habit and not much thought and lastly ‘rational action’ which involves a clear awareness of goal. Rational action involves the systematic assessment of the various means of goal attainment and the selection of the most appropriate means of action (Haralambos and Heald, 1980: 280). According to Weber, rational action was the dominant mode of action in modern industrial society. Bureaucracy, he said, was rational action in an institutional form.

Weber can be termed as a rational systems theorist as he believed that bureaucracy was the most efficient and effective form of organisation and the foundation of modern society. This bureaucratic model prescribes the following as essential components in any organisation to result in the maximum efficiency: (a) impersonal rules and procedures which are applied universally, (b) impersonal social relations, which mean organisation members should not relate to each other on a personal level, (This would eliminate favoritism which might be based on personal or familial connections. It would also result in less emotional involvement in enforcing rules of the organisation, as well as in the retirement or dismissal of employees), (c) appointment and promotion on the basis of merit and not on the basis of one’s social position or relationship with supervisors, (d) the authority is vested in the position and is not dependent on the individual functioning in the position or personality traits, (e) a hierarchy of authority, (f) abstract rules or laws covering task assignment and decisions (would enable people to make decisions more objectively rather than being influenced by personal judgment), and (g) specialization of position (dividing the totality of organisational tasks into basic components, each person would develop competence in a specified task area. Each person then would have fixed jurisdiction over the aspects of work of his immediate position) (ibid.: 34). According to Dean Champion (1965), these conditions for
bureaucratic organisation were largely Weber’s reaction to the nepotism that existed at that time.

Weber differentiated modern bureaucratic authority, which he termed as ‘legal-rational authority’ from charismatic and traditional authority. Charismatic authority, he said, was based on individual, unique and exceptional personal traits such as those of a religious or political leader, which did not have any relationship with the position or office held by that person but can inspire their followers to achieve goals. According to him, charismatic authority was unpredictable: often it did not follow established institutional rules and procedures. For sustaining the work of that leader, a mechanism has to be instituted for choosing a successor. This cannot be dependant on personal traits and talents but requires a stable system to be established.

Traditional authority, on the other hand, has little to do with individual abilities and competence but is based more on long-standing and seldom questioned positions of authority such as offices acquired hereditarily, religious position or status. History has several examples of such leaders. Weber says that although this system of authority at one level seems more stable, it has its limitations as it is not based on qualifications or ability to be effective and relies on kinship, friendship and loyalty. Besides, decisions are often arbitrary and depend a great deal on the individual making the decision. There is little record keeping and the mixing of personal and official property makes rational accounting difficult.

In contrast to the above two forms of authority, legal-rational authority, according to Weber, was based on rationality, precision, calculation and stresses a lot on written documentation and systematic record keeping. Weber called this methodical process rationalization. Michael J. Handel (2003), discussing Weber’s bureaucratic model in the book The Sociology of Organisations, says,

Bureaucracies are governed by a set of impersonal rules and procedures that are applied universally, without regard to the personal characteristics of particular individuals, and rationally designed to serve some broader purpose. Bureaucracies employ technically qualified, full-time experts assigned to unique areas of responsibility in a logical division of labor. There is a hierarchy of superiors and subordinates, and access to positions is based on knowledge and seniority. Subordinates obey superiors at work because they
occupy an office with specific, defined and limited rights, not because of any personal characteristics the office holder possesses (ibid.: 6).

Weber used power to refer to the ability to induce acceptance of orders; legitimization to refer to the acceptance of the exercise of power because it is in line with values held by the subjects; and authority to refer to the combination of the two, that is, power that is viewed as legitimate.

Paradoxically, however, Weber believed that bureaucracy and democracy were complimentary. He felt that since democracy required equality before the law and bureaucratic principles asserted the uniform application of rules and the use of meritocratic qualifications, rather than social status to recruit office holders, the two were compatible. ‘Clearly, Weber was ambivalent about the consequences of bureaucracy’ (Handle 2003: 10).

2.2.2 Other Theories on Bureaucracy and Democracy

Karl Marx (1818-1883)

The German born philosopher, economist and sociologist Karl Marx held production to be the basic necessity for survival. He says that the forces of production, namely, technology, raw materials and scientific knowledge were dependent on prevalent social relationships. Therefore, in a capitalist society where the forces of production are owned by the elite, the state bureaucracy will represent the interests of that elite class. Because of this, the state bureaucracy is a repressive means of control of the poorer masses, and therefore it must be overtaken and replaced by a new truly democratic institution. Marx believed that eventually a communist society would develop to resolve the inherent problems of capitalism. Then, the forces of production would be collectively owned and the wealth or the fruits of the labour would be collectively shared.

Although most books on management or organisation theory make some mention of Marxism, it is not given the importance that it deserves. Marxism has, however, greatly influenced one of the schools of feminism and will be dealt with in greater detail when discussing collective organising.
Robert Michels (1876–1936)

This Italian sociologist, in his book *Political Parties*, first published in 1911, dismisses Marxist theory of a truly democratic organisation as a mere illusion. According to Robert Michels, democracy is inconceivable without organisation. Organisation is more essential for the relatively powerless working class to effectively voice their opinions and have their needs met. He also holds that organisation then means the death of democracy. Running an organisation with the direct participation of large numbers of people, including in decision-making, he says, is in practice impossible and therefore representative democracy takes its place. This would then require full-time officials etc. and lead to the creation of a new bureaucracy, as there would be a requirement for a division of labour, control and coordination. According to Michels, organisations inevitably produce oligarchy, which is the rule of small elite groups – this is the ‘iron law of oligarchy’. Bureaucracy, according to him, is the enemy of individual liberty as leaders invariably try to retain their power, privilege and status, which the position has brought. This then takes priority even over the stated goals of the organisation.

Frederick W. Taylor (1856–1915)

There is probably no book on organisational management that does not make a mention of Frederick Taylor. He is often referred to as the ‘father of scientific management’ (Champion 1975: 33) and is best known for his work on managing blue-collar or factory workers. Taylor, a mechanical engineer, was primarily concerned with the industrial work process and therefore the interrelationship between the human and the machine in maximizing output. His theory was that there was one ‘best way’ for each job and his efforts were to minimize the strain on the human body when performing any task. Taylor therefore also earned the name of the ‘father of ergonomics’. He believed that this method of ‘scientific management’ allowed people to work ‘smarter and not harder’ to increase efficiency.

Taylor held that efficiency could be maximized if all the tasks involved in production could be divided into a series of simple movements and operations. Each worker then had to be trained to perform one of these simple operations. The combined efforts of all these would result in the maximum efficiency and production. Taylor did
not believe that workers could be self-motivated but would do only what was minimally required by the management. He believed workers to be naturally lazy and resistant to the organisation’s goals. They required management to exercise tight control through tight supervision, discipline and material incentives. Therefore, what was also required was the creation of incentives and he advocated a bonus system to reward workers who exceeded the minimum work requirement. He suggested that workers be paid according to their output and thus various methods of measuring output-related wages were worked out. Pay was related to merit and piecework wages were considered the ideal and monthly salaries undesirable.

According to Charles B. Spaulding (1961: 189), ‘Taylor’s most specific contribution was his idea of measuring a suitable day’s work, leading as it did to time-and-motion studies and many complex methods of wage payments’. Following a mandatory schedule of rest pauses and work periods, Taylor seemed to suggest that a worker could be directed to perform like a robot at command and in a predetermined manner. He too did not recognize individual capabilities and differences and presumed that all workers would perform similarly at all times of the day and be at his peak efficiency if work was simplified, the worker trained and properly directed. ‘Science, not rule of thumb. Harmony, not discord. Cooperation, not individualism. Maximum output, in place of restricted output. The development of each man to his greatest efficiency and prosperity’ (ibid.: 189).

Taylor made a clear distinction between decision and execution and stressed on the importance of hierarchy. Taylor believed group life to be a negative influence on the organisation and stressed on the importance of division of the work force and that the management should bargain with workers individually. He, however, realized that once workers were very comfortable with the tools, methods and materials, they could use this knowledge to control their work pace. Having first-hand experience on the shop-floor he knew of the practice of restriction of output (Gross and Etzioni 1985) where workers would control the output so that it would not affect the standard requirement or pay per unit and therefore discussed the principal-agency problem or, in other words, how to ensure that people will do what you want them to.
Apart from labour management, Taylor also developed methods of cost accounting and stressed the need for systematic record keeping (ibid.). Just as Weber’s theories were in reaction to nepotism at that time, Taylor’s work was also influenced a great deal by the labour agitation, workers strikes and socialist politics and believed his methods would ‘solve management-worker conflicts and inaugurate an era of industrial peace and cooperation’ (ibid.: 15).

2.2.3 A Brief Critique of the Rational Model

There have been several critiques of the rational model. Some of the limitations of this have been listed below.

1. By equating human beings to parts of a machine, the emotional composition, personal feelings, individual characteristics, the varied levels of competence and the irrational aspect of human behaviour is ignored.

2. Organisational rules can never be exhaustive. They sometimes cannot foresee unpredictable events, unusual problems that might occur and which a manager must be equipped with the skills to cope with.

3. Conformity to rules and closely adhering to personal expertise in a limited field only can often result in inflexibility and a resistance to change. Organisations are dynamic and need to facilitate innovation. Rigidity might often be detrimental to organisational effectiveness, progress and innovation.

4. With the clear separation of different departments/units of the production process, there is a fear that the individual department’s interests might become ends in themselves thereby overshadowing the larger organisational goals. It also ignores that these departments might be interrelated and that the strict separation may not always be possible.

5. The theory of division of labour follows four principles namely – purpose, process, clientele and geographical area. This division is not, however, always possible in reality. There sometimes might be an overlap in the principles or they may be incompatible. The way organisations grow, develop, divide and merge is not always predictable and controllable by the management.
6. This model overlooks the fact that informal groups and informal leaders do emerge even in formal organisations. The codes set by these informal leaders then determine the extent to which the formal rules are adhered. Like in the case of trade unions, superiors very often have to bargain with subordinates outside the formal chain of command.

7. As mentioned in point number 3, rigidity and rules stifle innovation, spontaneity and creation.

8. There is little respect for individual autonomy even in decision making.

9. Studies in organisational theory have shown the bureaucratic model is only applicable for very larger organisations. Small organisations are not amenable to ‘mechanistic systems’ (Burns 1984, Handel 2003).

10. In Weber’s theory in particular, bureaucratic authority is based on position in the hierarchy and here it is assumed to also imply expert knowledge. Weber does not differentiate between technical experts and managers that is, line departments which are involved with production and staff departments which are involved with personnel, accounting, etc.

2.3. Interactionist Model: Theories of Human Relations and Human Behaviour

The first criticism of the classical model of organisation came from the Human Relations School, which argued that organisations should be seen as human and social systems. This view is also called the ‘interactionist model’ and a natural systems approach. This model includes theories that have stressed the importance of human relations and argue that human behaviour can be unplanned, emotional and not necessarily rational.

Elton Mayo (1880–1949) and Fritz J. Roethlisberger (1898–1974):

*The Hawthorne Experiment (1927–1932)*

Probably the most well-known experiment which explains the theory of the Human Relation School of thought is the *Hawthorne Experiment (1927–1932)* which was undertaken by Elton Mayo and Fritz J. Roethlisberger, researchers from Harvard
Business School and William J. Dickson, an executive from Western Electric. The company was engaged in manufacturing equipment for the telephone industry. Interestingly, this experiment began as an extension of ‘Taylorism’, but serendipity led to the discovery of the significance of ‘human relations’ in industry. This experiment was basically an industrial engineering effort to understand the effects of various physical conditions (like lighting, etc.) as well as aspects such as attitude of supervisors, etc. on the output of workers at Western Electric’s Hawthorne plant outside Chicago.

These Human Relations theorists argue that higher output does not depend on technical conditions, such as the physical features of the work environment, human physical capabilities, or economic incentives, but on social conditions and organisational climate. Michael J. Handel (2003) says, there had been management efforts to increase worker loyalty, raise productivity and dampen union sentiment and that although the Human Relations theory was not completely unprecedented, the Hawthorne experiments gave scientific credibility to the idea that high productivity depended on worker motivation, morale and job satisfaction.

The workplace was a social system. Workers needed to be part of an organized social group with opportunities for social interaction and connection to others. Supervision needed to be more democratic, and effective leaders needed to appreciate workers’ need for participation and social recognition to elicit their cooperation. A cold, formal organisation that tried to satisfy workers’ economic needs but not their human and social needs would cause unhappiness, uncooperative attitudes, and lower output. Output depended on group norms and job satisfaction, which reflect the degree of social integration among peers and between workers and management (ibid.: 79).

Critics of the Human Relations School say that although the claim is to reform work so that it improved worker satisfaction, the larger goal of raising output and effort levels was really pro-management. Besides, the worker was made out to be less ‘rational’ than the manager. Amitai Etzioni (1964) also viewed this model as a manipulative technique to secure greater worker commitment and management control. It did not recommend any real changes in ‘how’ work was performed but was a sort of social engineering that attempted to adjust workers to the existing system rather than change work tasks to better reflect human needs. The fact that dissatisfaction could have been due to the boring or routine nature of ‘Taylored’ jobs was not considered. However, by the late 1950s, a new
philosophy of work reform and humanistic management displaced this classical Human Relations theory.

**Abraham Maslow (1908–1970)**

Although Abraham Maslow’s work was not applied to the study of organisations; it became popular during the late 1960s as a reaction against authority and bureaucratic institutions. Maslow’s humanistic psychology recognized a hierarchy of human needs. The most basic were physiological and safety needs (food, drink, shelter and clothing), followed by love, social affiliation, social esteem and prestige and, finally, the highest human need, the creative impulse, self-actualization or self-fulfillment and search for knowledge. According to Maslow, one can move from one level of needs to the other only when the earlier need has been fulfilled.

**Douglas McGregor**

This professor of Management from the Massachusetts Institute of Technology in the early 1960s drew from Maslow’s theory for his theories on humanistic management. Douglas McGregor’s theory challenged the dominant theory of scientific management. According to him, human beings could not be satisfied and feel self-actualized by mere income and monetary rewards; the job itself had to be challenging to motivate a person to work. The job should give ample opportunity for creativity and imagination. People, he felt, would feel a sense of pride in their work if they were given responsibility and if their contribution to work was recognized. McGregor advocated an organic system for all organisations, regardless of the organisation size, environment or the use of technology. He talked of ‘job enlargement’ and ‘job enrichment’ and suggested that fragmented work should be reconstituted to meaningful units which would incorporate both thinking aspects as well as doing in one job. He talked on decentralized and more participatory decision making, reduction of the levels of hierarchy, lower level goal setting and focused on internal commitment, self-control and self-direction rather than external control of workers behaviour, a narrow span of control, etc.

Humanistic Management advocated a more collaborative management style. It criticized the superficial Human Relations efforts and placed less emphasis on raising
productivity and more on satisfying the employee’s needs. It put the blame for low output and poor organisational climate on the management of that organisation. It was not the workers who were irrational, but the managers and the overall philosophy of the organisation that was contrary to basic human needs. Others who experimented with more participatory types of management were Chris Arygris and Rensis Likert, to name just a few.

2.4. The Structuralist Model

This model is a synthesis of the Classical Bureaucratic and the Human Relations/Interactionist approaches, but it is very different from both these two models. According to E. Gross and Etzioni (1985), ‘Structuralist models of organisation call attention to the fact that though choices do exist when an organisation is set up, once it is established, the structure endures and even seems to possess a life of its own’ (ibid.: 65). This model developed from issues that were not addressed by the Classical Bureaucratic Model, issues which pointed to dilemmas in the nature or structure of the organisations such as conflict of interest between management and workers, the nature of markets in which the organisation was operating, the dependence on technology and the tireless power struggle among various interest groups. The findings of the Human Relations/Interactionist Model also pointed to structural changes which could reduce the strains caused by the differences between organisational needs and personal needs, between discipline and autonomy and between formal and informal relations and recognized effects of environmental changes.

The Structuralist Model, which drew from the two models mentioned above, held that alienation and conflict were both inevitable and occasionally even desirable. It was neither concerned with serving the needs of the worker or the management but was concerned with improving the organisation of management. Unlike the Human Relations/Interactionist Model, which attempted to balance organisational goals and workers needs, the Structuralist Model held that such a relationship would only be concealing a manipulative intent as the prime objective was always in favour of the management, where knowledge of the behaviour of workers was used to invent new tools, which were employed to increase worker productivity. This manipulation,
according to the model, was unethical. This school felt that Human Relationists/Interactionists only managed to create a false sense of participation and autonomy. This they felt was a deliberate way to elicit workers’ cooperation and commitment to the organisational goals. The Structuralists critique of Scientific Management theory was that it assumed that what was best for the organisation was best for the worker and vice versa provided that the worker was given a fair share of income. The Structuralists, however, saw an insoluble dilemma in the relationship between the organisation’s quest for rationality and the human search for happiness while at the same time it did not undermine the importance of material rewards.

The Human Relations/Interactionist School offered ways by which workers needs could be met, while the Structuralists held that the development of such social groups which might make the workers’ day more pleasant while on the job as suggested by the Human Relationists/Interactionists, ineffective in making the tasks less repetitive, uncreative and more interesting. They viewed rotation as an answer to monotony of the job but then, invariably the alternatives are not necessarily less dull, routine and more meaningful.

According to Structuralists, better communication does not rid fundamental differences of interest. Management and workers might differ not only on how the profits of the organisation should be shared but also on how much profit the organisation should make. The model also insists that formal and informal relationships are interdependent.

According to the Structuralist Theory of organisation, there are several forms of structure that help understand behaviour in organisations. Some structural variables include complexity (the division of labour or specialization) and formalization (the degree to which behaviour is specified or governed by rules), which were acquired from Weber to understand organisations. Other variables such as size of organisation, technology and centralization (control from the top as opposed to dispersed control) are also important in the understanding of the organisation. According to this model, how complex, formal, or centralized an organisation is will have predictable effects on the innovation, managerial control and the interdependence among organisations. Technology is seen to affect the span of control and degree of professionalisation and worker isolation was found to be related to strike proneness. The conflict of generations
was also found to be an important element in explaining the shifts in the organisational goals.

The model talks of two types of structure: (1) ecological structure and (2) distributional structure. The ecological structure is concerned with the social effects of physical and temporal work arrangements. For example, what are the impacts of having everyone in the office on one floor, on different floors, in different buildings and in different cities, etc. The temporal organisation of work can also impact on the interaction between people working for the organisation. The distributional structure, on the other hand, is concerned with the social make-up of an organisation. For example, are most of the people in the organisation young or old, what is the racial distribution, the gender distribution, the educational distribution or the economic distribution in the organisation. This distributional structure is helpful for persons joining the organisation to know what their prospects within the organisation are.

2.5. Theories on Organisations and their Environments

2.5.1. Organisations and External Environment

2.5.1.a. Contingency Theory:

Paul Lawrence and Jay Lorsch (1967)

In the late 1950s studies found that organisational variations existed. There were several that did not conform to the bureaucratic model. T. Burns and G. Stalker (1961), for example, opined that centralized decision making, specialization, clearly defined duties, hierarchy, division of labour and formal rules were methods of organising best suited to routine tasks and repetitive activities in predictable environments. However, in fast changing, unpredictable, and creative environments, the ‘organic system’, was a better suited organisational method. This marked the beginning of the ‘contingency theory’, a term coined by Paul Lawrence and J. Lorsch in their book Organisation and Environment (1967) to discuss organisations whose structure was contingent on the kind of environment or other conditions in which they functioned. Contingency theory asserts that, to be effective, an organisation needs to develop appropriate matches between its internal organisation and the nature and demands of its external environment. It was found that organisations did not necessarily follow one unified model but instead had
sometimes different elements in varying combinations, as it was seen to be best suited for the organisation give the particular circumstances.

Some books on organisation theory have listed contingency theory under the section on Open Systems theories, or Organisation and Environment. However, according to Michael Handel (2003: 39), ‘contingency theory is a rational systems perspective on organisations because it explains organisational structure and practice on the basis of an organisation’s efficient adaptation to its circumstances, but departs from the classical tradition in recognizing that there is no one best way to organize under all circumstances’. According to this theory, leadership style, work motivation, job satisfaction, technology and organisation structure are interrelated.

Lawrence and Lorsch (1967) state that:

we find it useful to view an organisation as an open system in which the behaviours of members of an organisation are also interdependent with the formal organisation, the tasks to be accomplished, the personalities of other individuals, and the unwritten rules about appropriate behaviour for a member. Under this concept of system, the behaviour of any one manager can be seen as determined not only by his own personality needs and motives, but also by the way his personality interacts with those of his colleagues. Further, this relationship among organisation members is also influenced by the nature of the task being performed, by the formal relationships, rewards, and controls, and by the existing ideas within the organisation….It is important to emphasize that all these determinants of behaviour are themselves interrelated (ibid.: 6).

According to this theory, the environment, both internal and external to the organisation, is not only complex but it keeps changing. Therefore, it is important to understand the impact this has on the organisation and how it reacts and/or controls this environment.

Alvin W. Gouldner’s study of a gypsum factory and mine can also be used to explain the contingency theory. His findings suggest that there was a significant difference in the degree of bureaucratization between the mine and factory. While bureaucracy was suited to the administration of routine tasks in the factory, it was unsuitable for the less predictable work in the mines. Since problems encountered in the mines did not follow a standard, predetermined pattern, a fixed set of rules was not suitable for their solution. Miners could not predict various dangers, cave-ins and had often had to take their own decisions in crisis situations that official rules could not solve.
However, the factory work was routine and could be rationalized in terms of a bureaucratic system, with fixed rules, a clear division of labour with predictable procedures. Gouldner stressed the importance of studying the social processes involved in creating variations in types of bureaucracy (Haralambos and Heald 1980).

2.6. Theory on Mechanistic and Organic Systems of Organisation

Tom Burns and G.M. Stalker

Tom Burns and G.M. Stalker (1961) argue that there is no one ideal form of organisation that will maximize efficiency in every situation. Mechanistic systems are best suited for organisations dealing with stable, predictable, routine conditions but are not suited for industries like the modern electronic industry, which is a rapidly changing technologically. According to Burns and Stalker, organisations range from ‘mechanistic’ or highly bureaucratic to ‘organic’. By ‘mechanistic’ they mean one where there is a specialized division of labour with rights and duties of each employee being precisely defined. Specialized tasks are coordinated by a management hierarchy, which directs operations and takes major decisions. Communication is mainly vertical: instructions flow downward through a chain of command, information flows upward and is processes by various levels in the hierarchy before it reaches the top. Each individual in the organisation is responsible for discharging his (emphasis added) particular responsibility and no more (Haralambos and Heald 1980: 302).

In ‘organic’ systems however,

areas of responsibility are not clearly defined...The individual’s job is to employ his skills to further the goals of the organisation rather than simply carry out a predetermined operation...Tasks are shaped by the nature of the problem rather than being predefined. Communication consists of consultation rather than command, of ‘information and advice rather than instructions and decisions (ibid: 302).

Further, although a hierarchy exists, it tends to become blurred as communication travels in all directions and top management no longer has the sole prerogative over important decisions nor is it seen to monopolize the knowledge necessary to make them.
2.7. Organisations as Open Systems

Most of the previous theories have looked at organisations as closed systems and have been primarily concerned with the internal structure and functioning of the organisations. The following theories offer a different perspective. They look at organisations as *Open Systems* that are continually being shaped by their internal as well as the larger societal environments. These theories argue that the external environment is often one of the prime sources of resources, be it ideas, opportunities, technical knowledge, labour, suppliers, customers, or clients. They could be sources of constraints through the competition that might exist. This external environment could include other organisations, professional associations, bodies, the government, communities (the sociocultural environment) with which the organisation has transactions or relations, or who might be responsible for setting standards. While some of these theories are rationalistic, others look at a more dynamic relationship between organisations and environments.

2.7.1. Resource Dependency Theory

This theory focuses on the consequences of power differentials between organisations. This theory does not view organisations as autonomous bodies but as being dependent on other organisations. Thus, according to this theory, organisations are constantly seeking ways to manage those dependencies, through efforts to reduce this dependence, uncertainty and to achieve greater freedom and stability. This theory, however, tends to overlook the aspect of internal management and concern for efficiency.

2.7.2. Institutional Theory

This theory examines the impact of the environment on the organisation from a natural or ‘social systems’ perspective (Handel 2003: 227). It argues that external institutions such as the state, societal norms, traditions and conventions, influence organisational practice. This theory discusses the differing forms of control with the use of different kinds of power (Gross and Etzioni 1985):

1. **Coercive power**: For example, the government might exert pressure on the organisation through legal norms and regulations. Then NGOs involved in participatory community organisation might face pressure from hierarchical
donor agencies to be more formally structured to meet the donors demands for accountability and regularity.

2. **Mimetic power**: Sometimes organisations may be compelled to imitate other successful organisations, or techniques used by successful organisations, to improve their reputation, whether it contributes to the efficiency of the organisation or not.

3. **Normative power**: This is when the organisation adopts practices that reflect what is accepted professionally or accepted by society as natural or appropriate. For example, a hospital or a university might adopt an organisational structure similar to a business as its potential consumers or donors might view it with greater legitimacy.

4. **Utilitarian power**: The use of material rewards for the purpose of control constitutes utilitarian power.

5. **Symbolic power**: The symbols employed here are those that do not constitute any physical threat or any material reward or incentive. They could however be symbols such as prestige, esteem and other social symbols like love and acceptance (compiled from Handel 2003; Gross and Etzioni 1985)

### 2.8. Organisational Ecology

Organisational ecology, previously known as population ecology, is one of the most distinctive theories within organisation studies. Not only does organisational ecology have virtually no interest in the internal workings of organisations, it is not concerned with individual organisations at all. Organisational ecology is a macro perspective that uses sophisticated mathematical models, often borrowed from population biology, to study the growth patterns of populations of organisations (Handle 2003: 230).

According to this theory, organisations once they have been firmly established, do not change internally. The key to their success is not their internal policies but the external environment conditions such as competition, resources, etc.
2.9. Organisation and the Internal Environment

2.9.1. The Compliance Model

There has been considerable research on organisational culture, the internal organisational process, methods of organisational control and leadership, etc. Gross and Etzioni (1985) discuss methods of organisational control and leadership with the Compliance Model: ‘The compliance model of organisational structure directs our attention to the ways in which power is used in organisations and to the kinds of involvement that are associated with different forms of power’ (ibid.: 108). According to them, organisations are planned, deliberately structured social units, which are constantly reviewing their performance and restructuring themselves accordingly.

The artificial quality of organisations, their high concern with performance, their tendency to be far more complex than natural units – all make informal control inadequate and reliance on identification with the job impossible. Most organisations most of the time cannot rely on most of their participants to internalize their obligations, to carry out their assignments voluntarily, without additional incentives. Hence organisations require a formally structured distribution of rewards and sanctions to support compliance with their norms, regulations, and orders….those whose performance is in line with the organisational norms will be rewarded and those whose performance deviates from it will be penalized (ibid.: 109).

The authors talk of how organisational control results in much conflict between the organisation’s needs and those of the participant, that is, between effectiveness, efficiency and satisfaction. They go on to say that the structure of an organisation is formalized through control mechanisms, which may be physical, material or symbolic, derived from the use of

1. **Coercive power**: based on the application of physical means.
2. **Utilitarian power**: based on the use of material means for control, such as money and other material rewards.
3. **Normative power**: based on the use of ‘pure’ symbols such as prestige, esteem, love and acceptance, which do not constitute a physical threat or on material rewards

According to this theory,
the use of coercive power is more alienating to those subject to it than is the use of utilitarian power, and the use of utilitarian power is more alienating than the use of normative power. Or, to put it the other way around, normative power tends to generate more commitment than utilitarian power, and utilitarian power more than coercive (ibid.: 110).

The powers used by the organisation depend on the persons or the ranks of the persons that are being controlled. Less alienating means are used to control the higher ranks than the ones used to control the lower ranks. Besides, one organisation may use all or a combination of the patterns of control. However, the real power of an organisation to control its members rests either in a specific position (department head), a person (a persuasive individual), or a combination of both (a persuasive department head). Personal power is always normative power; it is based on the manipulation of symbols and it serves to generate commitment to the person who commands it. Positional power, on the other hand, may be normative, coercive, or utilitarian. An individual whose power is chiefly derived from his organisation position is referred to as an official. An individual whose ability to control others is chiefly personal is referred to as an informal leader. One who commands both positional and personal power is a formal leader (Gross and Etzioni 1985: 114).

According to this theory, ‘officials’ and informal leadership exists in organisations that rely chiefly on coercive control. Those organisations that rely predominantly on normative controls are less likely to have official and informal leaders and are more likely to have formal leaders. While in organisations exercising utilitarian control the leadership could be either, official, informal or formal from among the employees.

Gross and Etzioni mention two broad spheres of activities that an organisation might want to control. They are (1) instrumental activities or the activities dealing with the ‘input of means into the organisation and their distribution within it’ (ibid.: 115) and (2) expressive activities or those that ‘affect interpersonal relations within the organisation and the establishment of and adherence to norms by organisational participants’ (ibid.).
2.10. The Stress on ‘Hierarchy’

All these theories on organisations assume hierarchical structures and bureaucracy to be a necessity and there is little or no discussion about ‘non-hierarchical organising’. Apart from the lack of literature on how non-hierarchical strategies can be employed in efficient and effective attainment of organisation goals, most theories have also been gender blind. Albert J. Mills and Peta Tancred (1992) have pointed out that organisational theory right till the mid 1970s was almost exclusively dominated by ‘male-stream’ approaches and ways of viewing organisational reality. ‘Taylorism’, for example, they say, looked at the human as a ‘genderless machine’, in the Human Relations School also, the worker has no gender and a ‘paternalistic’ concern is shown towards the worker. Organisational psychologists too did not ascribe a specific gender to the worker.

Organisation theory has its beginnings in the 1800s. However, a gendered analysis of organisation, whether it is looking at the role women play in organisations or at how women organize or a feminist analyses of organisation theory, is of very recent origin as it can be traced back not more than four decades. Yet this remains largely neglected in mainstream organisation theory, as we will see in the next chapter.