

Chapter 11

Organisational theory and structure

Major trends in organisational theory, work of leading writers and approaches to structure and management provide a perspective for the study of organisational behaviour.

Learning outcomes

After completing this chapter you should have enhanced your ability to:

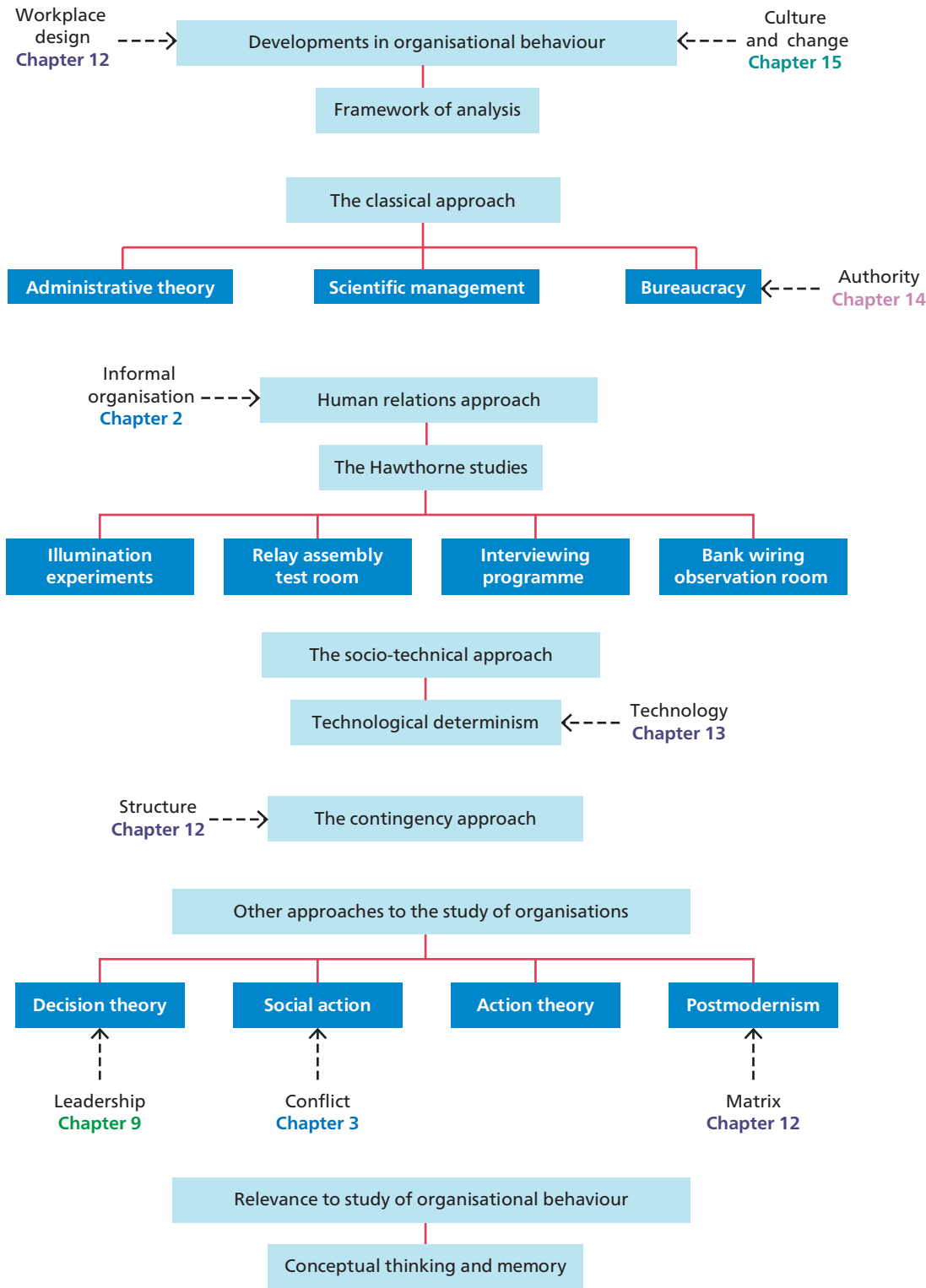
- provide a framework in which to study organisational theory and structure;
- detail the work and views of leading writers;
- identify major trends in the development of organisational behaviour;
- outline alternative approaches to the study of organisations;
- assess contrasting views of organisations, their structure and management;
- evaluate benefits and criticisms of the different approaches;
- debate applications of organisational theory to the present-day work situation.

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Overview topic map: Chapter 11 – Organisation theory and structure





Before commencing to read this chapter what value do YOU place on the work of leading writers to the study of organisation theory and structure?

Developments in organisational behaviour

In Chapter 1 we mentioned that a central part of the study of organisational behaviour is development in different thinking on the structure and management of organisations and their relationship with the external environment, which is usually termed organisational theory.

Gareth Jones refers to organisation theory as how organisations function and how they affect and are affected by the environment in which they operate. Jones suggests knowledge about organisational design and change enables people to analyse the structure and culture of the organisation, diagnose problems and make adjustments that help the organisation achieve its goals.¹ **Figure 11.1** provides an outline of the relationships among organisation theory, structure, culture, design and change. **Workplace design is discussed in Chapter 12 and Organisational culture and change is discussed in Chapter 15.**

Framework of analysis

In order to help identify main trends in the development of organisational behaviour theory, it is helpful to categorise the ideas and work of writers into various 'approaches', based on their views of organisations, their structure and management. This is a complex area of study in which it is possible to identify a large number of writers and range of comparative points of view. There are, therefore, many ways of categorising the various approaches. For example, *Skipton* attempts a classification of eleven main schools.² The choice of a particular

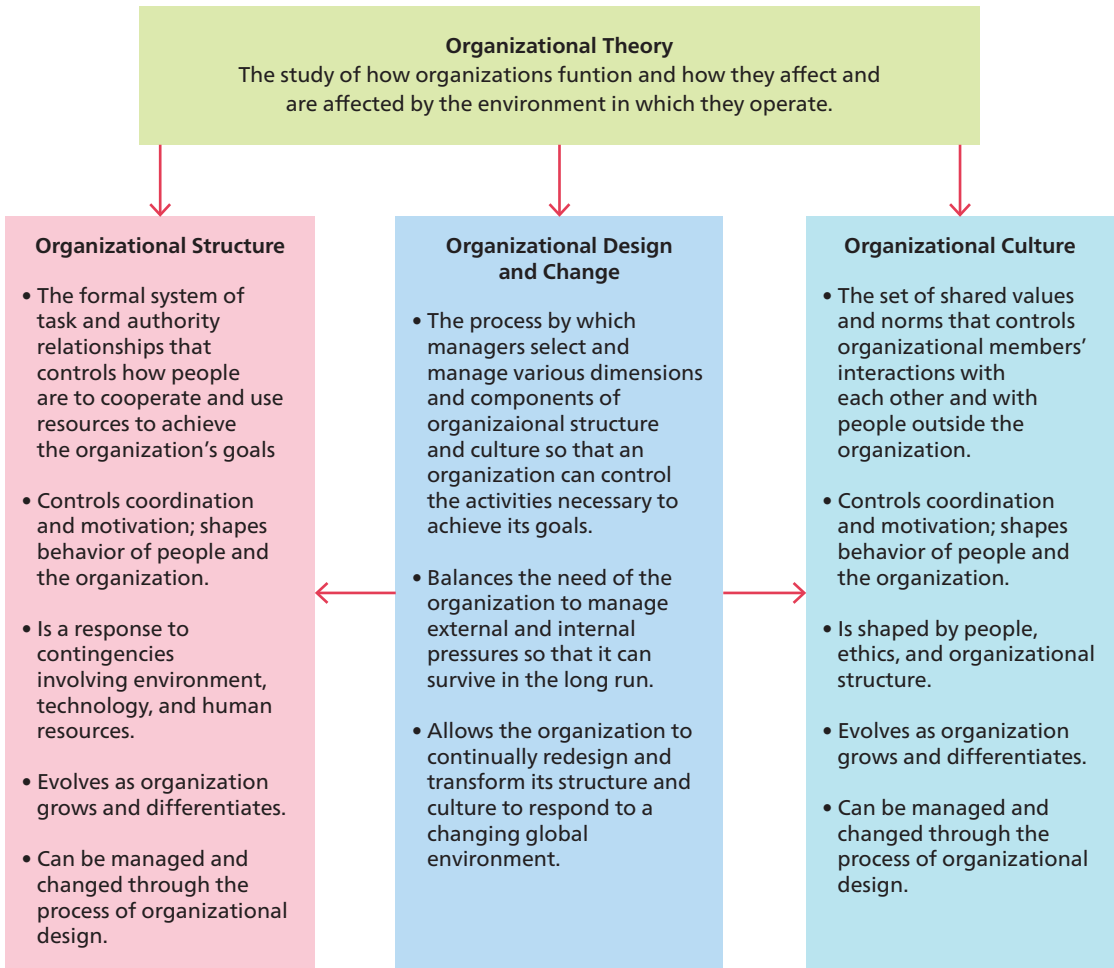


Figure 11.1 Relationship between organizational theory and organizational structure, culture, design, and change

Source: Jones, G. R. *Organizational Theory, Design and Change*, seventh edition, Pearson Education (2013), p. 30. Reprinted and electronically reproduced by permission of Pearson Education, Inc.

categorisation is therefore largely at the discretion of the observer and makes demands of the reader.

For convenience, the following analysis revolves around a framework based on four main approaches (see Figure 11.2):

- classical – including scientific management and bureaucracy;
- human relations – including neo-human relations;
- socio-technical;
- contingency.

Although a simplistic process, it provides a useful framework in which to direct study and focus attention on the progression of ideas concerned with improving organisational performance.

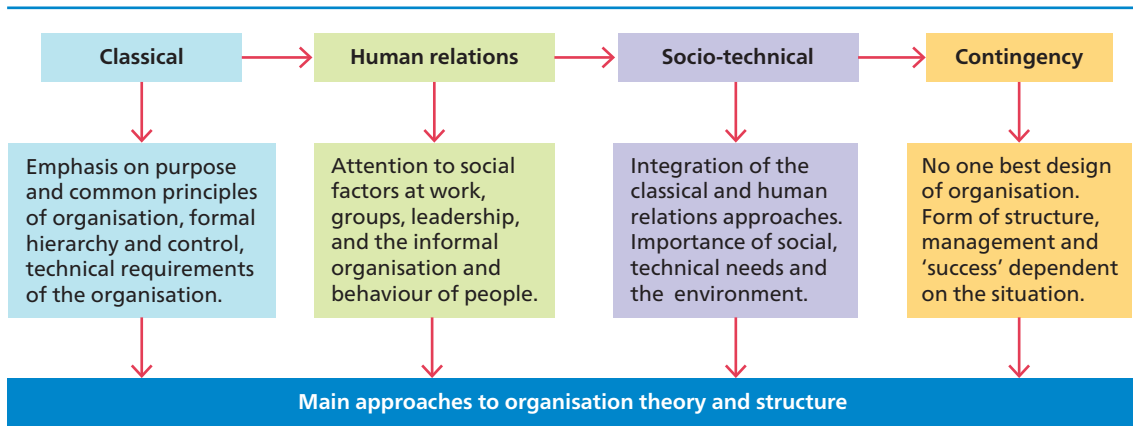


Figure 11.2 A basic framework of analysis



To what extent do YOU believe the analysis of structure and culture helps the organisation diagnose problems and achieve its goals?

The classical approach

The **classical** writers thought of the organisation in terms of its purpose and formal structure. Emphasis is on planning of work, technical requirements of the organisation, principles of management, and the assumption of rational and logical behaviour. Identification of general objectives would lead to the clarification of purpose and responsibilities at all levels of the organisation and to the most effective structure. Attention is given to division of work, clear definition of duties and responsibilities, and maintaining specialisation and co-ordination. Emphasis is on a hierarchy of management and formal organisational relationships.

The analysis of organisation in this manner is associated with work carried out initially in the early part of the last century by such writers as Fayol, Urwick, Brech and Taylor. Such writers were laying the foundation for a comprehensive theory of organisation.

The classical approach can be viewed under three broad headings: administrative theory, scientific management, bureaucracy. **See Figure 11.3.**

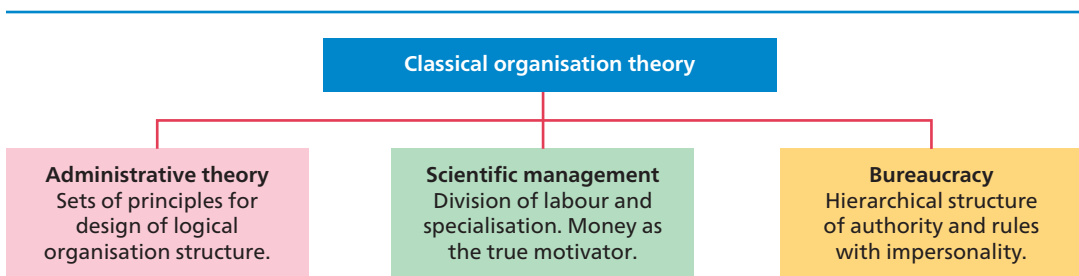


Figure 11.3 Main headings of classical organisation theory

Administrative theory

The classical writers were concerned with improving the organisation structure as a means of increasing efficiency. They emphasised the importance of principles for the design of a logical structure of organisation. Their writings were in a normative style and they saw these principles as a set of 'rules' offering general solutions to common problems of organisation. Most classical writers had their own set of principles but among the most publicised are those of Fayol, Urwick and Brech.

One of the first, and most widely quoted, analyses is that given by *Henri Fayol* (1841–1925) who divided the managerial activity into five elements of management and structure.³

- **Forecasting and planning** – examining the future, deciding what needs to be achieved and developing a plan of action.
- **Organising** – providing the material and human resources and building the structure to carry out the activities of the organisation.
- **Command** – maintaining activity among personnel, getting the optimum return from all employees in the interests of the whole organisation.
- **Co-ordination** – unifying and harmonising all activities and efforts of the organisation to facilitate its working and success.
- **Control** – verifying that everything occurs in accordance with plans, instructions, established principles and expressed command.

Fayol's theory of organisation is a set of fourteen well-established principles that relate directly to, or are influenced by, the organisation structure in which the process of management takes place. He emphasises, however, that these principles must be flexible and adaptable to changing circumstances. Fayol's set of principles can be compared, therefore, with those given by *Urwick* who originally specified eight principles of the requirements of the formal organisation, but these were revised to ten in his later writing.⁴

Brech attempts to provide a practical approach to organisation structure based on tried general principles as opposed to concentration on specific cases or complex generalisations of little value to the practising manager. He sets out the various functions in the organisation and the definition of formal organisational relationships.⁵ Although clearly a strong supporter of the formal approach in some of his views such as, for example, on the principle of span of control, Brech is less definite than other classical writers and recognises a degree of flexibility according to the particular situation.

Brech does place great emphasis, however, on the need for written definition of responsibilities and the value of job descriptions as an aid to effective organisation and delegation. This work builds on the ideas of earlier writers, such as *Urwick*, and therefore provides a comprehensive view of the classical approach to organisation.

Evaluation of the classical approach

The classical writers have been criticised generally for not taking sufficient account of social factors and creating an organisation structure in which people can exercise only limited control over their work environment. The idea of sets of principles to

guide managerial action has also been subject to much criticism. For example, *Simon* writes:

Organisational design is not unlike architectural design. It involves creating large, complex systems having multiple goals. It is illusory to suppose that good designs can be created by using the so-called principles of classical organisation theory.⁶

Research studies have also expressed doubt about the effectiveness of these principles when applied in practice.⁷

However, the classical approach prompted the start of a more systematic view of management and attempted to provide some common principles applicable to all organisations. These principles are still of relevance in that they offer a useful starting point in attempting to analyse the effectiveness of the design of organisation structure. However, the application of these principles must take full account of the particular situational variables of each individual organisation and the psychological and social factors relating to members of the organisation.



Do YOU agree that criticism against general principles of organisation should be directed not against the need for such principles but the manner in which they are implemented?

Scientific management

Many of the classical writers were concerned with the means of increasing productivity from individual workers through technical structuring of the work organisation and monetary incentives as the motivator for higher levels of output. A major contributor to this approach was *F. W. Taylor* (1856–1917), the ‘father’ of **scientific management**.⁸ Taylor believed in the same way there is a best machine for each job, so there is a best working method by which people should undertake their jobs. All work processes could be analysed into discrete tasks and that by scientific method it was possible to find the ‘one best way’ to perform each task. Each job was broken down into component parts, each part timed and the parts rearranged into the most efficient method of working.

Principles to guide management

Taylor was concerned with finding more efficient methods and procedures for co-ordination and control of work, and a believer in the rational-economic needs concept of motivation. If management acted on his ideas, work would become more satisfying and profitable for workers motivated by obtaining the highest possible wages through the most efficient and productive way. He set out a number of principles to guide management usually summarised as:

- development of a true science for each person’s work;
- scientific selection, training and development of workers;
- co-operation with workers to ensure work is carried out in the prescribed way;

- hierarchical structures of authority and close supervision;
- clear division of tasks and responsibility between management and workers.

In the famous studies at the Bethlehem Steel Corporation, Taylor applied his ideas on scientific management to a group of 75 men loading pig iron. Taylor selected a Dutch labourer, Schmidt, whom he reported as a 'high-priced' man with a reputation for placing a high value on money, and of limited mental ability. By following detailed instructions on when to pick up the pig iron and walk, and when to sit and rest, and with no back talk, Schmidt increased his output from 12 $\frac{1}{2}$ tons to 47 $\frac{1}{2}$ tons per day. He maintained this level of output throughout the three years of the study.

In return, Schmidt received a 60 per cent increase in wages compared with what was paid to the other men. One by one other workers were selected and trained to handle pig iron at the rate of 47 $\frac{1}{2}$ tons per day and in return they received 60 per cent more wages. Taylor drew attention to the need for the scientific selection of the workers. When the other labourers in the group were trained in the same method, only one in eight was physically capable of the effort of loading 47 $\frac{1}{2}$ tons per day, although there was a noticeable increase in their level of output.

Reactions against scientific management

There were strong criticisms of, and reaction against, scientific management methods from workers who found work boring and requiring little skill. Despite these criticisms Taylor attempted to expand the implementation of his ideas in the Bethlehem Steel Corporation. However, fears of mass redundancies persuaded the management to request Taylor to moderate his activities. Yet Taylor's belief in his methods was so strong that he would not accept management's interference and eventually they dispensed with his services. Continued resentment and hostility against scientific management led to an investigation of Taylor's methods by a House of Representatives Committee which reported in 1912. The conclusion of the committee was that scientific management did provide some useful techniques and offered valuable organisational suggestions, but gave production managers a dangerously high level of uncontrolled power.

Taylorism as management control

Taylor placed emphasis on the content of a 'fair day's work' and optimising the level of workers' productivity. A major obstacle to this objective was 'systematic soldiering' and what Taylor saw as the deliberate attempt by workers to promote their best interests and to keep employers ignorant of how fast work, especially piece-rate work, could be carried out.

According to *Braverman*, scientific management starts from the capitalist point of view. Taylor's work was more concerned with the organisation of labour than development of technology. A distinctive feature of Taylor's thought was the concept of management control.⁹ Braverman suggests Taylor's conclusion was that workers should be controlled not only by the giving of orders and maintenance of discipline but also by removing from them any decisions about the manner in which their work was to be carried out. By division of labour, and by dictating precise stages and methods for every aspect of work performance, management could gain control of the actual process of work. The rationalisation of production processes and division

of labour tends to result in the de-skilling of work and this may be a main strategy of the employer.¹⁰

Cloke and Goldsmith also suggest that Taylor was the leading promoter of the idea that managers should design and control the work process scientifically in order to guarantee maximum efficiency. Taylor believed in multiple layers of management to supervise the work process and in rigid, detailed control of the workforce. Managers saw this as an opportunity to solidify their power. His theories justified managerial control over the production process and removed decision-making from employees and from owners as well.¹¹



How far do YOU believe a scientific management approach is more about control over workers rather than the search for improved organisational efficiency?

Relevance today

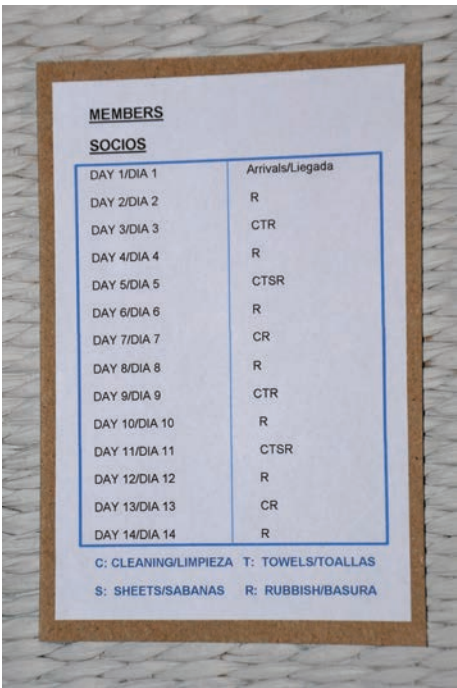
Taylor's work is often criticised today¹² but it should be remembered that he was writing at a time of industrial reorganisation and the emergence of large, complex organisations with new forms of technology. Whatever the opinions on scientific management, Taylor and his disciples left to modern management the legacy of such practices as work study, organisation and methods, payment by results, management by exception and production control.

Taylor did give a major impetus to the development of management thinking and the later development of organisational behaviour. For example, *Crainer and Dearlove* suggest that although Taylor's theories are now largely outdated, they still had a profound impact throughout the world and his mark can be seen on much of the subsequent literature.¹³ And *Stern* goes a stage further:

The 'scientific management' of Frederick Taylor . . . shaped the first coherent school of thought with application to the industrialised world. He was our first professional guru and Taylorism – with its twin goals of productivity and efficiency – still influences management thinking 100 years on.¹⁴

Principles of Taylor's scientific approach appear still to have relevance today. We can see examples of Taylorism alive and well, and management practices based on the philosophy of his ideas. As an example, large hotel organisations often make use of standard recipes and standard performance manuals. It is common for housekeeping staff to have a prescribed layout and daily schedule for each room. Training is based on detailed procedures and the one best way. Staff may be expected to clean a given number of rooms per shift with financial incentives for additional rooms.¹⁵ Modern customer call centres can also be seen to exhibit many features of Taylorism.¹⁶ The strict routine, uniformity, clearly specified tasks, detailed checklists and close control in fast-food restaurants such as McDonald's also suggest close links with scientific management. **McDonaldisation is discussed later in this chapter.**

It is difficult to argue against the general line of Taylor's principles but they are subject to misuse. It seems that Taylor did not so much ignore (as is often suggested)



The image shows a room attendant's checklist titled "MEMBERS SOCIOS". It contains a table with 14 rows, each representing a day from DAY 1/DIA 1 to DAY 14/DIA 14. The first column lists the days, and the second column, titled "Arrivals/Llegada", lists tasks: R, CTR, R, CTSR, R, CR, R, CTR, R, CTSR, R, CR, CR, R. Below the table is a legend: C: CLEANING/LIMPIEZA, T: TOWELS/TOALLAS, S: SHEETS/SABANAS, R: RUBBISH/BASURA.

MEMBERS SOCIOS	
	Arrivals/Llegada
DAY 1/DIA 1	R
DAY 2/DIA 2	CTR
DAY 3/DIA 3	R
DAY 4/DIA 4	CTSR
DAY 5/DIA 5	R
DAY 6/DIA 6	CR
DAY 7/DIA 7	R
DAY 8/DIA 8	CTR
DAY 9/DIA 9	R
DAY 10/DIA 10	CTSR
DAY 11/DIA 11	R
DAY 12/DIA 12	CR
DAY 13/DIA 13	CR
DAY 14/DIA 14	R

C: CLEANING/LIMPIEZA T: TOWELS/TOALLAS
S: SHEETS/SABANAS R: RUBBISH/BASURA

Room attendant’s checklist: thoughts of scientific management?

but was more *unaware* of the complexity of human behaviour in organisations and the importance of the individual’s feelings and sentiments, group working, managerial behaviour and the work environment. However, we now have greater knowledge about social effects within the work organisation and about the value of money, incentives, motivation, and job satisfaction and performance.

Bureaucracy

A form of structure to be found in many large-scale organisations is **bureaucracy**. The term has common connotations with criticism of red tape and rigidity, but in the study of organisations it is important that bureaucracy is seen not necessarily in a depreciative sense but applying to certain structural features of formal organisations. *Weber*, a German sociologist, showed particular concern for what he called ‘bureaucratic structures’, although his work in this area came almost as a side issue to his main study on power and authority.¹⁷

Weber saw the development of bureaucracies as a means of introducing order and rationality into social life. He suggested that ‘the decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization’. Weber pointed out that the definition of tasks and responsibilities within the structure of management gave rise to permanent administration and standardisation of work procedures notwithstanding changes in the actual holders of office. Underlying Weber’s work is the idea that there are three different sources of authority: traditional, charismatic and legal, **discussed in Chapter 14**.

Main characteristics of bureaucracies

Weber did not actually define bureaucracy but identified main characteristics of this type of organisation. He emphasised the importance of administration based on expertise (rules of experts) and administration based on discipline (rules of officials).

- Tasks of the organisation are allocated as official duties among the various positions.
- An implied clear-cut division of labour and a high level of specialisation.
- A hierarchical authority applies to the organisation of offices and positions.
- Uniformity of decisions and actions is achieved through formally established systems of rules and regulations. Together with a structure of authority, this enables the co-ordination of various activities within the organisation.
- An impersonal orientation is expected from officials in their dealings with clients and other officials. This is designed to result in rational judgements by officials in the performance of their duties.
- Employment by the organisation is based on technical qualifications and constitutes a lifelong career for the officials.¹⁸

Criticisms of bureaucracy

Weber's concept of bureaucracy has a number of potential disadvantages and has been subject to severe criticism.

- The over-emphasis on rules and procedures, record keeping and paperwork may become more important in its own right than as a means to an end.
- Officials may develop a dependence upon bureaucratic status, symbols and rules.
- Initiative may be stifled and when a situation is not covered by a complete set of rules or procedures there may be a lack of flexibility or adaptation to changing circumstances.

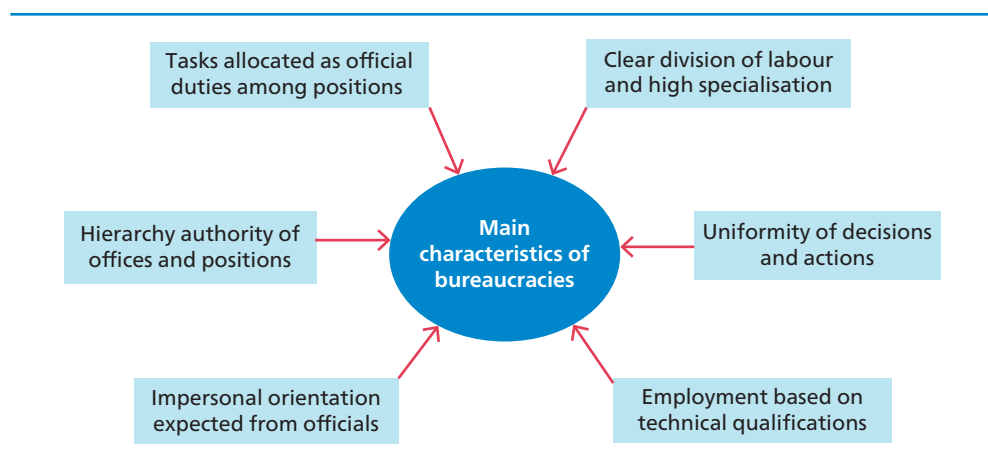


Figure 11.4 Main characteristics of bureaucracies

Source: Based on Blau, P. M. and Scott, W. R. *Formal Organizations*, Routledge & Kegan Paul (1966).

- Position and responsibilities in the organisation can lead to officious bureaucratic behaviour. There may also be a tendency to conceal administrative procedures from outsiders.
- Impersonal relations can lead to stereotyped behaviour and a lack of responsiveness to individual incidents or problems.

Restriction of psychological growth

One of the strongest critics of bureaucratic organisation, and the demands it makes on the worker, is *Argyris*.¹⁹ He claims that bureaucracies restrict the psychological growth of the individual and cause feelings of failure, frustration and conflict. Argyris suggests that the organisational environment should provide a significant degree of individual responsibility and self-control; commitment to the goals of the organisation; productiveness and work; and an opportunity for individuals to apply their full abilities.

A similar criticism is made by *Caulkin* who refers to the impersonal structure of bureaucracy as constructed around the post rather than the person and the ease with which it can be swung behind unsocial or even pathological ends.

The overemphasis on process rather than purpose, fragmented responsibilities and hierarchical control means that it's all too easy for individuals to neglect the larger purposes to which their small effort is being put.²⁰

Adhocracy

A number of writers refer to 'adhocracy' as the opposite of bureaucracy. **Adhocracy** is a flexible, loosely structured, adaptable, organic and informal form of organisation. According to *Morgan* adhocracy is an organic form of organisation, highly suited for the performance of complex and uncertain tasks. It is frequently used for research and development.²¹ *Waterman* sees adhocracy as any form of organisation that cuts across normal bureaucratic lines to capture opportunities, solve problems and get results.²² *Miner* views adhocracy as the project organisation built around project teams of experts with senior managers linking and dealing to secure the projects.²³



To what extent do YOU believe large-scale organisations can ever work effectively without displaying at least some characteristics of bureaucracy?

Evaluation of bureaucracy

Growth of bureaucracy has come through the increasing size and complexity of organisations and associated demand for effective administration. Bureaucracy is founded on a formal, clearly defined and hierarchical structure. However, with rapid changes in the external environment, de-layering of organisations, empowerment and greater attention to meeting the needs of customers, there is an increasing need to organise for flexibility. For example, the crisis IBM experienced in the 1980s/1990s

over the market for personal computers is explained at least in part by its top-heavy corporate structure, cumbersome organisation and dinosaur-like bureaucracy.²⁴

By their very nature, bureaucracies have always tended to attract criticism. Much of this criticism is valid, but much also appears unfair. For example, according to *Drucker*:

Whenever a big organization gets into trouble – and especially if it has been successful for many years – people blame sluggishness, complacency, arrogance, mammoth bureaucracies. A plausible explanation? Yes. But rarely the relevant or correct one.²⁵

As organisations face increasing global competitiveness and complex demands in the information and technological age, the need arises for alternative forms of corporate structure and systems. For example, there appears to be a particular dilemma for management in personal service industries. The underlying characteristics of bureaucracy would seem to restrict personal service delivery which requires a flexible approach, responsiveness to individual requirements and the need for initiative and inventiveness.²⁶

Public sector organisations

However, despite new forms of organisation which have emerged, many writers suggest that bureaucracy is still relevant today as a major form of organisation structure. In the case of public sector organisations, in particular, there is a demand for uniformity of treatment, regularity of procedures and public accountability for their operations. This leads to adherence to specified rules and procedures and to the keeping of detailed records. In their actual dealings with public sector organisations people often call for what amounts to increased bureaucracy, even though they may not use that term. The demands for equal treatment, for a standard set of regulations that apply to everyone, and that decisions should not be left to the discretion of individual managers are in effect demands for bureaucracy.

Green argues that, although bureaucracies are becoming less and less the first-choice format for organisational shape, there is still a place for bureaucracy in parts of most organisations and especially public sector organisations such as local authorities and universities. The use and implementation of tried and tested rules and procedures help to ensure essential values and ethics, and that necessary functions are run on a consistent and fair basis.²⁷ New forms of information technology such as electronic transactions processed from home or public access terminals are likely to change processes of government service delivery, administrative workloads and the nature of bureaucracy.²⁸

McDonaldisation

McDonald's, the world's largest restaurant chain, is often quoted as exemplifying rational organisational behaviour and implementing underlying features of both scientific management and bureaucracy. Work is broken down into clear distinct tasks with detailed specifications, automated procedures, predictability and uniformity, centralised planning and training, strong managerial supervision and control.²⁹

Ritzer refers to the principles of the fast-food restaurant:

- efficiency
- calculability

- predictability and
- control.

as exemplified by the process of **McDonaldisation** as an increasingly dominant part of our social and organisational fabric.³⁰ There is even a film *The Founder* with Michael Keaton released in the United States, January 2017.

However, Gwyther points out that it hasn't all been plain sailing and questions the future of McDonald's with the notorious McLibel case, worries over the obesity epidemic, the McJob debate and the growth of fast-food rivals. Although McDonald's is regarded highly in HR circles for their training and education, Gwyther suggests the McJob tag – unstimulating, low pay, with few prospects – hurt more than almost anything.³¹



In what ways do YOU identify features of both scientific management and bureaucracy with McDonald's? How do you feel about a future career working in the fast-food industry?

Human relations approach

The main emphasis of the classical writers was on structure and the formal organisation, but during the 1920s greater attention began to be paid to the social factors at work and to the behaviour of employees within an organisation – that is, to **human relations** (the social organisation is an alternative heading).

The Hawthorne studies

The turning point in the development of the human relations movement came with the famous studies at the Hawthorne plant of the Western Electric Company near Chicago, America (1924–32) and subsequent publication of the research findings.³² Among people who wrote about the Hawthorne studies was Elton Mayo (1880–1949), who is often quoted as having been a leader of the researchers. However, there appears to be some doubt as to the extent of Mayo's actual involvement.³³

There were four main phases to the Hawthorne studies:

- the illumination experiments;
- the relay assembly test room;
- the interviewing programme;
- the bank wiring observation room. (See Figure 11.5).

Illumination experiments

The original investigation was conducted on the lines of the classical approach and was concerned, in typical scientific management style, with the effects of the intensity of lighting upon the workers' productivity. Workers were divided into two groups, an experimental group and a control group. Results of these tests were inconclusive as production in the experimental group varied with no apparent relationship to the level of lighting, but actually increased when conditions were

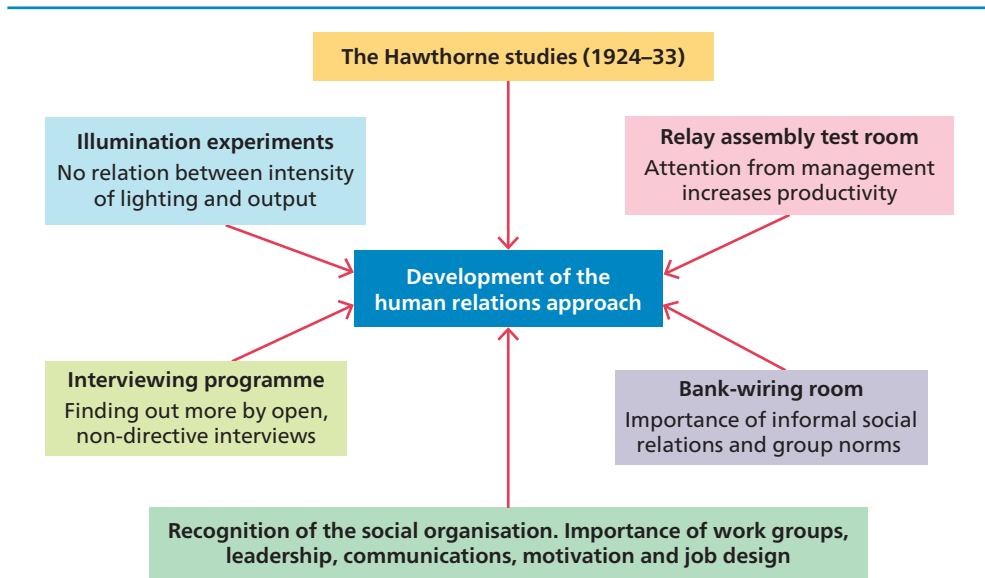


Figure 11.5 The Hawthorne studies

made much worse. Production also increased in the control group although the lighting remained unchanged. The level of production was influenced, clearly, by factors other than changes in physical conditions of work. This prompted a series of other experiments investigating factors of worker productivity.

Relay assembly test room

In the relay assembly test room work was boring and repetitive. It involved assembling telephone relays by putting together a number of small parts. Six women workers were transferred from their normal departments to a separate area. Researchers selected two assemblers who were friends, then chose three other assemblers and a layout operator. The experiment was divided into thirteen periods during which the workers were subjected to a series of planned and controlled changes to their conditions of work, such as hours of work, rest pauses and provision of refreshments. The general environmental conditions of the test room were similar to those of the normal assembly line.

During the experiment the observer adopted a friendly manner, consulting the workers, listening to their complaints and keeping them informed. Following all but one of the changes (when operators complained too many breaks made them lose their work rhythm) there was a continuous increase in the level of production. This has become famous as the '**Hawthorne Effect**' – the conclusion was the extra attention given to the workers and apparent interest in them shown by management, and that people behave differently when being observed.

Interviewing programme

Another significant phase of the experiments was the interviewing programme. The lighting experiment and the relay assembly test room drew attention to the form of

supervision as a contributory factor to the workers' level of production. In an attempt to find out more about the workers' feelings towards their supervisors and their general conditions of work, a large interviewing programme was introduced. More than 20,000 interviews were conducted before the work was ended because of the Depression.

Initially, interviewers approached their task with a set of prepared questions, relating mainly to how the workers felt about their jobs. However, this produced only limited information. As a result, the style of interviewing was changed to become more non-directive and open-ended. There was no set list of questions and the workers were free to talk about any aspect of their work. The interviewers set out to be friendly and sympathetic. They adopted an impartial, non-judgemental approach and concentrated on listening.

Using this approach, interviewers found out far more about workers' true feelings and attitudes. They gained information not just about supervision and working conditions but also about the company itself, management, work group relations and matters outside of work such as family life and views on society in general. Many workers appeared to welcome the opportunity to have someone to talk to about their feelings and problems and to be able to 'let off steam' in a friendly atmosphere. The interviewing programme was significant in giving an impetus to present-day human resource management and the use of counselling interviews, and highlighting the need for management to listen to workers' feelings and problems. Being a good listener is arguably even more important for managers in today's work organisations and it is a skill which needs to be encouraged and developed.³⁴

Bank wiring observation room

Another experiment involved the observation of a group of fourteen men working in the bank wiring room. It was noted that the men formed their own informal organisation with sub-groups or cliques, and natural leaders emerging with the consent of the members. The group developed its own pattern of informal social relations and 'norms' of what constituted 'proper' behaviour. Despite a financial incentive scheme where the workers could receive more money the more work produced, the group decided on a level of output well below the level they were capable of producing. Group pressures on individual workers were stronger than financial incentives offered by management. The group believed that if they increased their output, management would raise the standard level of piece rates. The importance of group 'norms' and informal social relations is **discussed in Chapter 8**.



How far would YOU support the contention that the human relations approach pays insufficient attention to the realities of the actual working environment?

Evaluation

The Hawthorne studies have received much criticism, for example, on methodology and on failure of the investigators to take sufficient account of environmental factors – although much of this criticism is with the value of hindsight. The human

relations writers have been criticised generally for the adoption of a management perspective, their 'unitary frame of reference' and their over-simplified theories.³⁵ Other criticisms of the human relations approach are that it is insufficiently scientific and that it takes too narrow a view. It ignores the role of the organisation itself in how society operates.

Sex power differential

There are a number of interpretations of the results of the Hawthorne studies, including the possible implications of the 'sex power differential' between the two groups. In the bank wiring room where output was restricted, the group was all male. In the relay assembly room where output increased all members were young unmarried women. All except one were living at home with traditional families of immigrant background. In the work environment of the factory women had been subjected to frequent contact with male supervisors and therefore 'the sex power hierarchies in the home and in the factory were congruent'. It is suggested, therefore, that it was only to be expected that the women agreed readily to participate with management in the relay assembly test room experiment.³⁶

Recognition of the social organisation

Whatever the interpretation of the Hawthorne studies, they generated significant new ideas concerning the importance of work groups and leadership, communications, output restrictions, motivation and job design. The studies undoubtedly marked a significant step forward in providing further insight into human behaviour at work and recognition of the social organisation. The human relations approach also recognised the importance of the informal organisation which will always be present within the formal structure. This informal organisation will influence the motivation of employees who will view the organisation for which they work through the values and attitudes of their colleagues. **The informal organisation is discussed in Chapter 2.**

Supporters of the classical approach adopted a more managerial perspective and sought to increase production by rationalisation of the work organisation. By contrast, the human relations movement led to ideas on increasing production by humanising the work organisation and strove for a greater understanding of people's psychological and social needs at work. Human relations writers demonstrated that people go to work to satisfy a complexity of needs and not simply for monetary reward. It has been commented that the classical school was concerned about 'organisations without people' and the human relations school about 'people without organisations'.

Neo-human relations

Certainly there were shortcomings in the human relations approach and assumptions which evolved from studies such as the Hawthorne studies were not necessarily supported by empirical evidence. For example, the contention that a satisfied worker is a productive worker was not always found to be valid. However, subsequent attention given to the social organisation and to theories of individual motivation gave rise to the work of a group of writers under the heading of neo-human relations in the 1950s and 1960s who adopted a more psychological orientation.

New ideas on management theory arose and a major focus of concern was the personal adjustment of the individual within the work organisation and the effects of group relationships and leadership styles.

Socio-technical approach

Criticisms of earlier approaches to organisation are based in part on the attempt to study the activities and problems of the organisation solely in terms of the internal environment. The classical approach emphasised technical requirements of the organisation and its needs – ‘organisations without people’; the human relations approaches emphasised psychological and social aspects, and consideration of human needs – ‘people without organisations’. The socio-technical approach attempts to reconcile these two earlier approaches. The idea of socio-technical systems arose from the work of *Trist* and others, of the Tavistock Institute of Human Relations, in their study of the effects of changing technology in the coal-mining industry in the 1940s.³⁷

The traditional method of working was small, self-selecting groups of miners working together, as an independent team, on one part of the coalface – the ‘single place’ or ‘shortwall’ method. Increasing use of mechanisation enabled coal to be extracted on a ‘longwall’ method. Shift working was introduced, with each shift specialising in one stage of the operation – preparation, cutting or loading. Technological change had disrupted psychological and sociological properties of the old method of working. There was a lack of co-operation between different shifts and within each shift, an increase in absenteeism, scapegoating and signs of greater social stress. The new method did not prove as economically efficient as it could have been with the new technology.

Researchers saw the need for a socio-technical approach in which an appropriate social system could be developed in keeping with the new technical system. The result was the ‘composite longwall’ method with more responsibility to the team as a whole and shifts carrying out composite tasks, reintroduction of multiskilled roles and a reduction in specialisation. The composite method was psychologically and socially more rewarding and economically more efficient than the ‘longwall’ method.

The **socio-technical system** is concerned with interactions between psychological and social factors and structural and technological requirements. The ‘socio-technical’ system directs attention to the transformation or conversion process itself, to the series of activities through which the organisation attempts to achieve its objectives. Recognition of the socio-technical approach is of particular importance today. People must be considered as at least an equal priority along with investment in technology. For example, *Lane et al.* point out that major technological change has brought about dramatic changes in worker behaviour and requirements. It is people who unlock the benefits and opportunities of information communication technology.³⁸

Technological determinism

The socio-technical system provides a link with writers under the technology heading. This approach attempts to restrict generalisations about organisations and emphasise the effects of varying technologies on organisation structure, work groups and individual performance and job satisfaction. This is in contrast with the socio-technical approach which did not regard technology, *per se*, as a determinant

of behaviour. Under the heading of the technology approach could be included the work of such writers as *Walker and Guest* (effects of the assembly line production method on employee behaviour);³⁹ *Sayles* (relationship between technology and the nature of work groups);⁴⁰ *Blauner* (problems of 'alienation' in relation to different work technologies);⁴¹ and *Turner and Lawrence* (technology and socioculture).⁴²

Technology and organisations is examined in Chapter 13.



Socio-technical approaches



With increasing automated innovations what do YOU see as the likely developments with the socio-technical approach to organisational theory?

Contingency approach

The classical approach suggested one best form of structure and placed emphasis on general sets of principles while the human relations approach gave little attention at all to structure. In contrast the **contingency approach** showed renewed concern with the importance of structure as a significant influence on organisational performance. The contingency approach highlights possible means of differentiating among alternative forms of organisation structures and systems of management. There is no one optimum state. For example, the structure of the organisation and its 'success' are dependent, that is contingent upon, the nature of tasks with which it is designed to deal and the nature of environmental influences.

The most appropriate structure and system of management is therefore dependent upon the contingencies of the situation for each particular organisation. The contingency approach implies that organisation theory should not seek to suggest one best way to structure or manage organisations but should provide insights into the situational and contextual factors which influence management decisions. Situational variables may be identified in a number of ways and include type of organisation and its purpose, culture, size, technology and environment.

Contingency models of organisation structure are discussed in Chapter 12.

A summary of management theory is set out in the concept map in Figure 11.6.

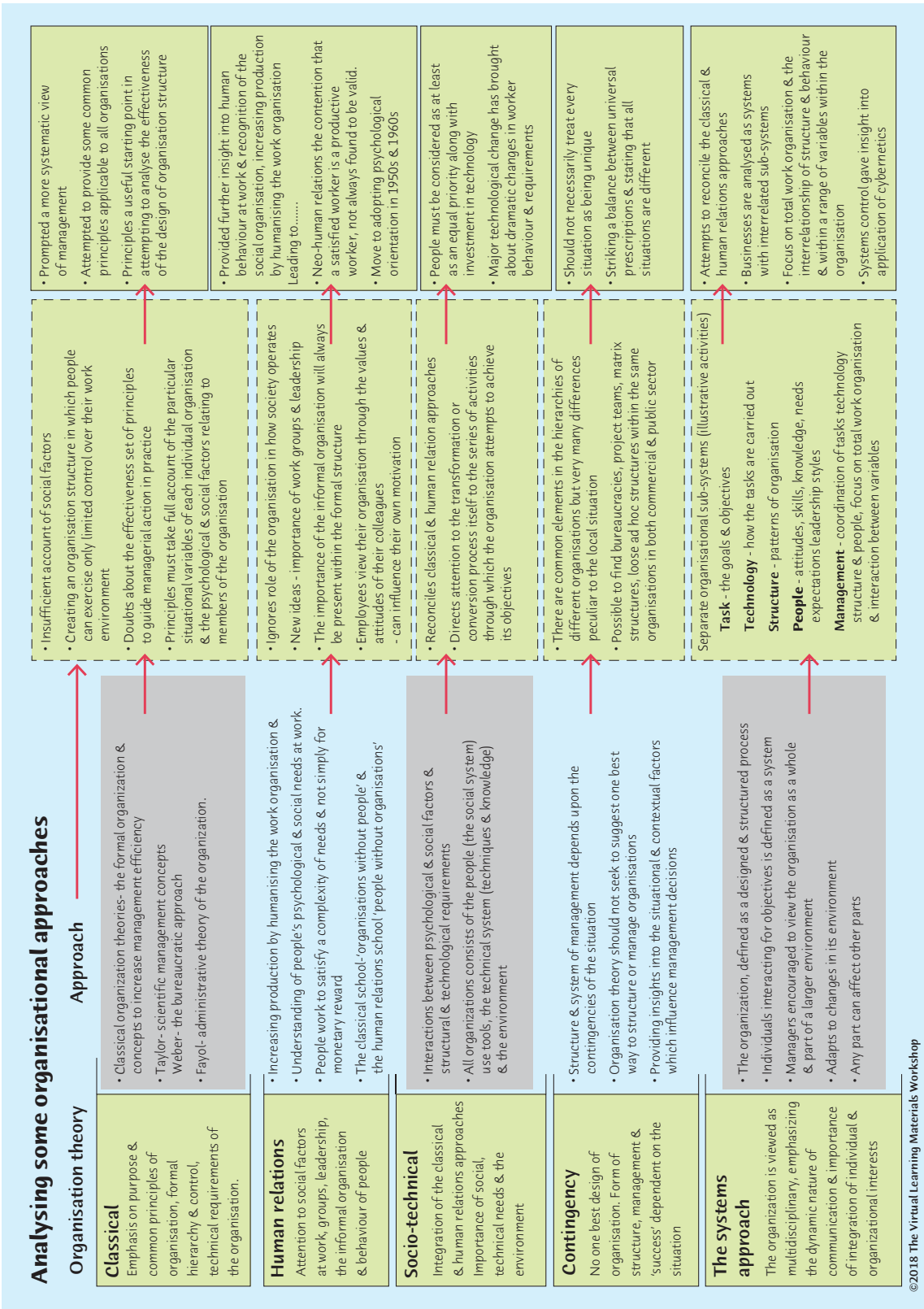


Figure 11.6 Analysing some organisational approaches
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Other approaches to the study of organisations

The fourfold framework of classical, human relations, social-technical and contingency approaches provides a helpful if rather simplistic categorisation. The study of organisations, their structure and management is a broad field of inquiry. Depending on preferences of the writer, other possible main approaches include decision theory, social action and postmodernism. **(See Figure 11.7.)**

Decision theory

Successful management lies in responding to internal and external change. This involves the clarification of objectives, the specification of problems and the search for and implementation of solutions. Viewing the organisation as a system emphasises the need for good information and channels of communication in order to assist effective decision-making in the organisation. This draws attention to **decision theory**. Here the focus of attention is on managerial decision-making and how organisations process and use information in making decisions. The organisation is seen as an information-processing network with numerous decision points. An understanding of how decisions are made helps in understanding behaviour in the organisation. Decision-making writers seek to explain the mechanisms by which conflict is resolved and choices are made.

Some leading writers

Leading writers on the decision-making approach include Barnard, Simon and Cyert and March. The scope of the decision-making approach, however, is wide and it is

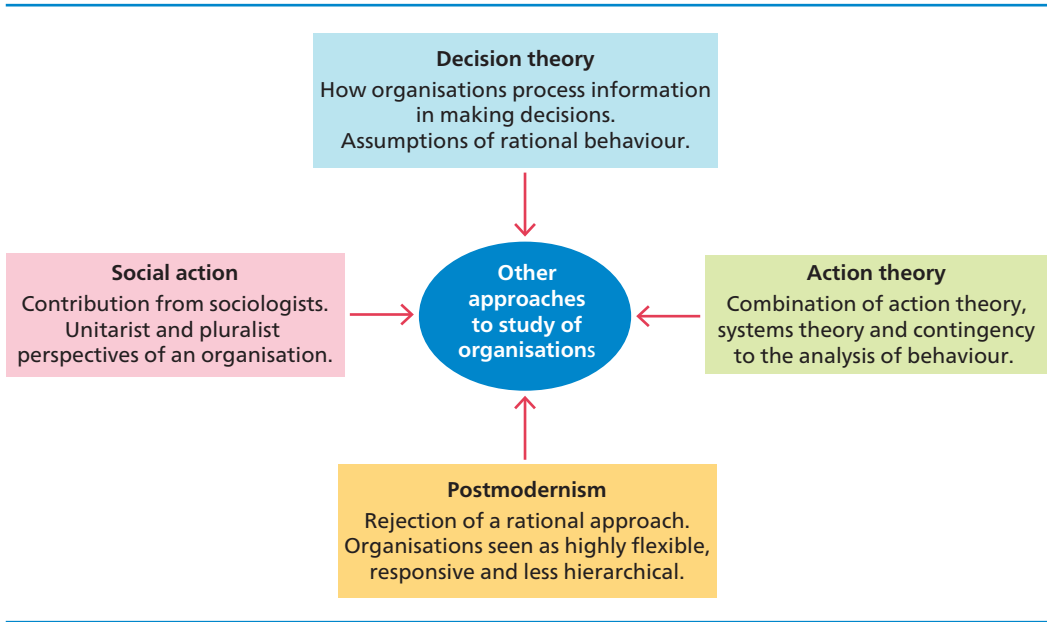


Figure 11.7 Other approaches to the study of organisations

possible to identify contributions from engineers, mathematicians and operational research specialists in addition to the work of economists, psychologists and writers on management and organisation.

Barnard stressed the need for co-operative action in organisations. He believed people's ability to communicate, and commitment and contribution to the achievement of a common purpose, were necessary for the existence of a co-operative system.⁴³ These ideas were developed further by *Simon*. He sees management as meaning decision-making and his concern is with how decisions are made and decision-making improved. *Simon* is critical of the implication of man as completely rational and proposes a model of 'administrative man' who, unlike 'economic man', 'satisfices' rather than maximises. Administrative decision-making is the achievement of satisfactory rather than optimal results in solving problems.⁴⁴

Cyert and March contrast economic models of decision-making, based on the assumption of rational behaviour in choosing from known alternatives in order to maximise objectives, with behavioural models based not so much on maximisation of objectives as on short-term expediency where a choice is made to avoid conflict and to stay within limiting constraints. Managers are more concerned with avoiding uncertainties than with the prediction of uncertainties.⁴⁵ (See also decision models of leadership in Chapter 9.)

Social action

Social action represents a contribution from sociologists to the study of organisations. Social action writers attempt to view the organisation from the standpoint of individual members (actors) who will each have their own goals and interpretation of the work situation in terms of the satisfaction sought and the meaning that work has for them. The goals of the individual, and the means selected and actions taken to achieve these goals, are affected by the individual's perception of the situation. Social action looks to the individual's own definition of the situation as a basis for explaining behaviour. Conflict of interests is seen as normal behaviour and part of organisational life. According to *Silverman*, 'The action approach . . . does not, in itself, provide a theory of organisations. It is instead best understood as a method of analysing social relations within organisations.'⁴⁶

A main thrust of social action is criticism of earlier approaches to organisation and what is claimed failure to provide a satisfactory basis for the explanation or prediction of individual behaviour. The human relations approaches have been criticised because of their focus on generalised theories of good management, group psychology and the suggestion of needs common to all individuals at work. The socio-technical approach has been criticised for attributing feelings of alienation to the nature of technology and the status of work groups rather than an analysis which focused on concern for the individual's expectations of, and reactions to, work.

Unitarist or pluralist perspectives

Important contributors to a social action approach include *Goldthorpe* (industrial attitudes and behaviour patterns of manual workers)⁴⁷ and *Fox*. In a research paper written for the Royal Commission on Trade Unions and Employers' Associations (the Donovan Report), *Fox* suggests two major ways of perceiving an industrial

organisation – a ‘unitarist’ approach and a ‘pluralist’ approach.⁴⁸ In the search for effective employee relations and common commitment to the goals of the organisation, consideration should be given to both unitarist and pluralist perspectives. While neither of the approaches can be seen as ‘right’ or ‘wrong’, these contrasting views will influence the nature of employment relations and the management of human resources. **(See discussion in Chapter 3 on contrasting views of conflict.)**

The **unitarist perspective** views the organisation as an integrated and harmonious whole with managers and other staff sharing common interests and objectives. There is an image of the organisation as a team with a common source of loyalty, one focus of effort and one accepted leader. Conflict is perceived as disruptive and unnatural and can be explained by, for example, poor communications, personality clashes or the work of agitators. Trade unions are seen as an unnecessary evil and restrictive practices as outmoded or caused by trouble-makers. HR policies and managerial development can be seen as reflecting a unitary ideology. *Horwitz* suggests that the unitary perspective views company and trade union loyalty as mutually exclusive. Developments in HRM, in seeking to optimise co-operation and organisational loyalty, can be seen as imposing new forms of control. A managerial approach to facilitating organisational goals and the direct involvement of employees furthers a unitary perspective and can mask an underlying distaste for unionism.⁴⁹

The **pluralist perspective** suggested by *Fox* views the organisation as made up of powerful and competing sub-groups with their own legitimate loyalties, objectives and leaders.⁵⁰ These competing sub-groups are almost certain to come into conflict as inevitable and induced in part by the very structure of the organisation. Conflict is not necessarily a bad thing but can be an agent for evolution, and internal and external change. Restrictive practices may be seen as a rational response from a group that regards itself threatened. The role of the manager would be less commanding and enforcing, and more persuading and co-ordinating. *Fox* suggests that the pluralist perspective is a more realistic frame of reference. He argues the importance of viewing work situations through the different groups involved rather than attempting a wished-for unitarist approach.



To what extent do YOU agree that social action theory may seem interesting in the classroom but offers little constructive application in the actual work situation?

Action theory

A theory of human behaviour from an ‘action approach’ is presented by *Bowey* who suggests action theory, systems theory and contingency theory are not necessarily incompatible approaches to the understanding of behaviour in organisations. It would be possible to take the best parts of the different approaches and combine them into a theory that would model empirical behaviour and also facilitate the

analysis of large numbers of people in organisations.⁵¹ The three essential principles of action theory can be summarised as:

- Sociology is concerned not just with behaviour but with 'meaningful action'.
- Particular meanings persist through reaffirmation in actions.
- Actions can also lead to changes in meanings.

These three principles apply mainly to explanations of individual, or small-scale, behaviour. Bowey gives four additional concepts on which analysis of large-scale behaviour can be based. These concepts are redefined in accordance with an action approach.

- **Role.** This is needed for the analysis of behaviour in organisations. It explains the similar action of different people in similar situations within the organisation and the expectations held by other people.
- **Relationships.** This is needed to explain the patterns of interaction among people and the behaviours displayed towards one another.
- **Structure.** The relationships among members of an organisation give rise to patterns of action which can be identified as a 'transitory social structure'. The social factors, and non-social factors such as payment systems, methods of production and physical layout, together form the behavioural structure.
- **Process.** Human behaviour can be analysed in terms of processes, defined as 'continuous interdependent sequences of actions'. The concept of process is necessary to account for the manner in which organisations exhibit changes in structure.

The three principles of action theory, together with the four additional concepts from systems theory, provide an action approach to the analysis of behaviour in organisations. Bowey goes on to illustrate her theory with case studies of five different types of organisations, all in the restaurant industry.

Postmodernism (Post bureaucratic)

With the development of the information and technological age a more recent view of organisations and management is the idea of **postmodernism or post-bureaucratic**. *Cooper and Burrell* refer to the contrasting postmodern view of 'organisation less the expression of planned thought and calculative action and a more defensive reaction to forces intrinsic to the social body which constantly threaten the stability of organised life'.⁵²

In the 1990s, writers such as *Clegg* described the postmodern organisation in terms of the influence of technological determinism, structural flexibility, premised on niches, multiskilled jobs marked by a lack of demarcation, and more complex employment relationships including subcontracting and networking.⁵³ Postmodernism rejects a rational systems approach to our understanding of organisations and accepted explanations of society and behaviour. Postmodern organisations are perceived as highly flexible and responsive, with decentralised decision-making, fluid, less hierarchical structures and with the ability to change quickly to meet present demands. **Matrix structures, discussed in Chapter 12**, can be seen as a form of post-bureaucratic organisation.

Generalised sociological concept

The idea of postmodernism is, however, not easy to explain. Arguably it is more of a generalised sociological concept rather than a specific approach to organisations. There is even some discussion of two connotations, and theories or philosophies of the concept depending on whether the term is hyphenated or not.⁵⁴ Perhaps understandably, therefore, the concept of postmodernism appears to have little interest or appeal to the practical manager. *Watson*, for example, questions the value of labelling more flexible forms of bureaucratic structure and culture as postmodern or post-bureaucratic and differentiating these from the modernist bureaucratic organisation.

The labelling of more flexible forms of bureaucratic structure and culture as 'postmodern' or 'post-bureaucratic' is unhelpful. It is unrealistic to suggest that there is something new occurring to work organisations at the level of the basic organising principle. There is no postmodern or post-bureaucratic organisational form available to us that is essentially different from the modernist bureaucratic organisation.⁵⁵

Nevertheless, postmodernist organisation can arguably be seen as a healthy challenge to more traditional approaches. It puts forward alternative interpretations of rationality, credibility and ambiguity, and a thoughtful critical perspective on disorders in work organisations, and reminds us of the complexities in our understanding of organisational behaviour.

An outline summary of main approaches to organisational theory is set out in Figure 11.8.



What examples can YOU provide of the adaptive value of postmodernism to the study of organisation theory and structure?

Relevance to study of organisational behaviour

Different perspectives on organisation theory are not necessarily a bad thing; they illustrate the discursive and complex nature of organisational behaviour. Discussion on various categorisations of approaches and identification of individual writers within a particular approach can provide a useful insight into the subject. Division of writers on organisation into various approaches offers a number of positive advantages. It is helpful in the arrangement and study of material and provides a setting in which to view the field of organisational behaviour. Review of the different approaches helps in organisational analysis and in the identification of problem areas. For example, is the problem one of structure, of human relations or of the socio-technical process?

The various approaches represent a progression of ideas, each building on from the other and adding to it. They are not in competition and no one approach should be viewed as replacing or superseding earlier contributions. Many ideas of earlier writers are still of relevance today and of continuing importance in modern management practice. *McLean* acknowledges that some critics see organisational

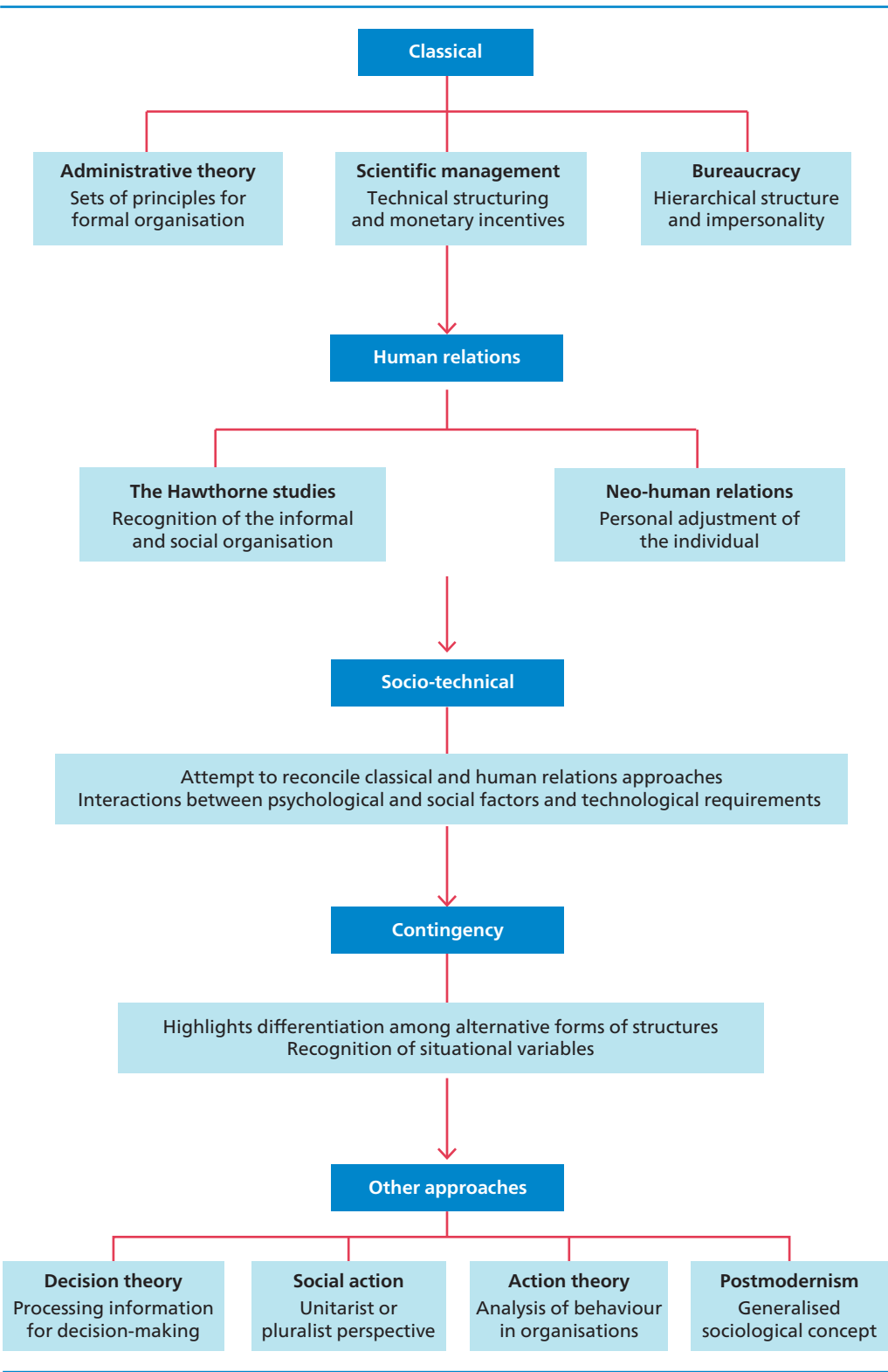


Figure 11.8 Summary of main approaches to organisational theory

philosophies as management fads that will be replaced by new ones as other theories are proposed.

That may well be the case, but it is good for management theories to evolve, because organisations change, the environment changes, and as a result, management practices and techniques change . . . Theories provide us with valuable insights into how we can be more understanding, influential and ultimately more successful in managing organisations and the turbulent dynamic environments in which they operate . . . you of course, may have a different view!⁵⁶

Importance of cultural contexts

A major criticism of the attempt to define generalised models of organisation theory is the assumption of national culture. *Schneider and Barsoux* draw attention to how the different theories on how to organise all reflect societal concerns of the times as well as the cultural backgrounds of the individuals. Different approaches reflect different cultural assumptions regarding, for example, human nature and the importance of task and relationships.⁵⁷

Cheng, Sculli and Chan also question the universality of theories of organisational behaviour on the grounds that they have not adequately addressed the factor of culture. 'Traditionally, the greatest aspiration of researchers is to discover objective, universalistic principles of behaviour. The tacit assumption behind this is that these principles may be discovered without reference to cultural contexts.' They conclude that while there may be some universality to organisation structures, for example the need for some form of hierarchy whatever its shape may be, different national cultures frequently give those structures different meanings.⁵⁸

Conceptual thinking and theory

In an interesting discussion on learning classic management theories *Robinson and Francis-Smythe* draw attention to the importance of conceptual thinking and how far knowledge of formal academic theory helps in the discharge of managerial responsibilities. The overwhelming majority of established senior managers will be hard-pressed to identify a single significant occasion of decision-making guided by direct reference to a particular management theory. Even if names of respected theorists can be recalled managers will be hard-pressed to provide a succinct explanation of their theories. Robinson and Francis-Smythe question what happens to all the theory that managers are exposed to during their training and education. However, 'the inability to name either a theory or a theoretician should not be taken to imply a failure to understand the theory in a more generalised, more abstract, more conceptual way'.

Robinson and Francis-Smythe suggest that academic knowledge is not, *per se*, a key professional requirement or an important aspect of managerial competence. Rather it will serve to underpin the process of building a repertoire of concepts that will be held in long-term memories in the way most likely to facilitate subsequent retrieval, good managerial moves and solutions to managerial challenges.⁵⁹

There are, then, many aspects to organisational theory. There are no simple solutions, no one best way to manage. However, study of different approaches to organisations, their structure and management is still important and remains an indispensable part of the job.



Egyptian pyramids: impressive structures served as burial sites for pharaohs and kings



How would YOU best explain to a sceptical audience the practical benefits from the classroom study of organisational theory?

Critical Thinking Zone

Reflections on Fayol's Five Elements of Management



In this zone, we critically examine Fayol's Five Elements of Management and consider whether they are still pertinent to organisations over a century after they were first proposed.

Jules Henri Fayol has been described as 'the most distinguished figure which Europe contributed to the management movement'⁶¹ (p. 21). The French industrialist was widely acknowledged as the founding father of the administrative school of management, for catalysing the professionalisation of management and for providing a theoretical foundation upon which subsequent management theory and practice have been built.^{62–64} Fayol's contribution to classical organisation theory, and, arguably, continued influence on contemporary management theory and practice, was espoused during the Industrial Revolution, an era of factorisation and unprecedented societal, economic and environmental change that promulgated a steep rise in theorisation of how organisations should be managed.⁶⁵ Fayol's theories were developed through his extensive experience (his entire career⁶⁶) in a French mining company, including tenure as Chief Executive Officer, and undertaking roles such as Mining Engineer

and Researcher.⁶² His empirical investigations also engaged him in the extensive analysis of management tasks through observation, experiential learning on the job and personal insights,⁶⁷ many of which were compared to the work of Frederick Winslow Taylor, a fellow classical management theorist.⁶²

Key Managerial Activities

According to Holmblad Brunsson,⁶⁸ Fayol viewed the organisation from a top down perspective, as opposed to Taylor who took a bottom up approach⁶⁹ and believed that senior managers and boards were responsible for administering its entire business affairs.^{62, 70} He saw organisations as homogeneous entities and thus proffered that managerial work displays common traits or characteristics. Based on his notion of general management principles, Fayol proposed that an organisation's business operations comprised an amalgam of six major activities^{67, 62} (Pugh and Hickson⁶⁷, p. 97; Parker and Ritson⁶²). First, technical activities, incorporating manufacture, production and adaptation. Second, commercial activities, including buying, selling and exchange. Third, financial activities,

encompassing the search for, and optimal use of, capital. Fourth, security activities, such as the protection of people and property. Fifth, accounting activities, which includes stocktaking, costs, balance sheet and statistics. Finally, and importantly, managerial activities, namely planning, organising, commanding, coordinating and controlling. Based on his experience, Fayol espoused that most jobs, in varying degrees, contain all six managerial activities, but a shift in emphasis and significance occurs as managers climb the hierarchical ladder. He also noted that managerial activities increase while technical ones decrease. Fayol therefore concluded that the development and utilisation of managerial knowledge was an important prerequisite and criterion for administering the organisation's business affairs and thus advocated an on-going programme of management education to facilitate this.⁶²

History in the Making

Smith and Boynes⁶³ profess that Fayol's ideas, the foundation of which were his own extensive experiences, were developed for senior management, based on his top down approach. The espousal of his fourteen general principles of management birthed 'the first real definition of management as a distinct and important contribution to organisation effectiveness' (p. 1322). Thus, in 1916, Fayol concluded⁷¹ 'to manage is to forecast and plan, to organise, to command, to coordinate and to control'⁶⁷ (p. 96). George⁶⁹ (p. 114) argues that Fayol's definition, which is also known as the five elements of management, provided a 'complete and comprehensive theory of management which could be applied to all endeavours' and generalised to a wide variety of organisational and managerial contexts.⁷²

Is Fayol's Theory Applicable to Twenty-First Century Organisations?

Despite its espousal over a century ago, it could be argued that Fayol's five elements of management are still pertinent to twenty-first century organisations. A discussion of this argument now follows (Pugh and Hickson,⁶⁷ (p. 98); McLean⁷³ (p. 33); Rausch⁷⁴).

To Forecast and Plan (Prévoyance in French)

Fayol professed that forecasting involved analysing the future and formulating an appropriate plan of action.⁶⁷ Arguably, the global knowledge economy, along with ubiquitous change and hypercompetition, engages managers in activities such as forecasting,

appraising the micro environment and analysing the macro environment to aid strategic planning. Indeed, Mintzberg⁷⁵ acknowledged Fayol as one of the earliest proponents of planning.

To Organise

Fayol espoused that the organisation's structure was important to its survival, as it facilitated the optimal conduct of its business affairs.⁶⁷ Organising, in contemporary terms, requires managers to design and implement an appropriate infrastructure, which optimises the organisation's systems, services, processes, resources (human, material, financial) and procedures and enables the dissemination of knowledge and information in a timely manner.^{73,76}

To Command

Fayol, in his original writing, used 'command' to describe a manager's responsibility to lead individuals towards organisational goal and strategy achievement.⁶⁷ In contemporary parlance, 'command' may sound rather harsh and control-orientated, but Fayol's theory was espoused during the era of the classical school of management, where, it could be argued, top-down, directive management styles prevailed over more participative ones. Using a twenty-first century lens, Hill and McShane⁷⁷ supplant 'command' with 'leadership' to highlight the importance of directing, influencing and engaging individuals to buy into the achievement of the organisation's goals and objectives.⁷⁸ Furthermore, Fayol proffered that managers should develop an in-depth knowledge of their staff.⁶⁷ This could, arguably, be promoted through the development of a positive people-organisation relationship and relational psychological contract.^{79,80}

To Coordinate

Fayol advocated that managers should bind together, unify and harmonise all the organisation's activities.⁶⁷ This is relevant to contemporary management, especially since managers have a responsibility to ensure there is coordination, synergy and symbiosis between organisational processes and functions, including the input-conversion-output process.⁷³ Hill and McShane proffer that coordination works in synergy with organising.

To Control

Fayol acknowledged the importance of control in an organisational setting and posited that it makes sure

'everything occurs in conformity with established rules and expressed command'⁶⁷ (p. 100). Using less formal, contemporary parlance, as one of the most important managerial responsibilities, control involves deploying contextual leadership (e.g. transformational or transactional) to ensure plans, strategies, etc are achieved within allocated budgets, resources and timescales.⁷⁷ As metaphorical controllers, managers should ensure that contingency plans are in place to deal with system anomalies and deviations and avoid infrastructural and organisational disruption. It could be argued that Fayol placed 'control' as the fifth element of management to emphasise the underpinning and overarching support it gives to the previous four.

The discussion of the five elements, arguably, highlight their relevance to twenty-first century organisations. Fells⁸¹ (p. 347) concurs and attests that Fayol's model is 'relevant and appropriate to contemporary management. . . Fayol's five elements. . . are quite general and therefore may pass the test of time.' However relevant Fayol's work may be to contemporary management practice, it is not without its critics. Hatchuel and Segrestin⁶⁶ (p. 2) highlight criticisms that have been levelled towards the translation from French into English. They report 'Urwick (1949) . . . complained about the translation of administration as 'management', which would narrow the scope of Fayol's theory to the realm of industrial management.' Parker and Ritson⁶² (p. 178–179) state that Fayol is often portrayed as 'an inflexible and authoritarian generalist. . . ' who was described as a 'fellow traveller of the scientific management movement.' They claim that the only distinguishing feature between the two theorists is Fayol's extensive senior management experience, which 'led him to adapt a perspective that focused on managing the total organisation.'

An Indelible Impact on History

To conclude, it could be argued that Fayol's five elements of management are still pertinent to

organisations, over a century after they were first proposed. Of course, based on your own experiences, you may have a different view. Fells⁸¹ (p. 354) contends that 'Fayol's work is still very much alive and still relevant today.' Smith and Boyns⁶³ (p. 1320) also highlight the impact that Fayol's work has had on the management role 'not just for their originality but for their continuing influence on management thinking in the West to this day.' Mintzberg⁸² (p. 49) noted the influence of Fayol and stated, 'if you ask a manager what he does, he will tell you that he plans, organises, coordinates and controls.' It is evident that Fayol's five elements of management have made an indelible impact on history and the theorisation of management, from an empirical, conceptual and practical perspective. In recognition of Fayol's influence, Hales⁸³ (p. 3) concludes 'if all philosophy is a set of footnotes to Plato, management theory is, in large measure, a reply to Fayol's original memo.'

Questions

Based on the above, answer the following questions.

1. Fayol viewed organisations as homogeneous entities and thus espoused that managerial work displays common traits. Using reference to theory and practice, *to what extent* do you agree?
2. Fayol's theory has been described as generalisable across other contexts. Using an organisation of your choice, *apply* the five elements of management and *identify* the implications for organisational behaviour in the workplace.
3. It has been mooted that the only distinguishing feature between administrative theory and scientific management is Fayol's extensive senior management experience. *Discuss* this assertion, referring to appropriate theories.

Summary – Chapter 11 'Organisational theory and structure'

A central part of the study of organisational behaviour is the development of different thinking on structure and management, and what might be termed organisation theory. The work of leading writers can be categorised into various 'approaches' based on their views of organisations, their structure and management. The classical writers placed emphasis

on purpose and structure, technical requirements of the organisation, and assumption of rational and logical behaviour. Human relations writers emphasised the informal organisation, group relationships, and the psychological and social needs of people at work. The socio-technical approach focuses attention on the interactions between technical and social variables and influences of the external environment. Contingency theory highlights possible means of differentiating between alternative forms of structures and systems of management. It is possible to identify a number of other approaches including decision-making, social action and postmodernism. The various approaches are not in competition but represent a progression of ideas. There are many aspects to organisational theory and no simple solutions. Division into various approaches and identification of leading writers offers a number of positive advantages but there are criticisms including the significance of cultural contexts. Formal academic theory may help in the discharge of managerial responsibilities.

Group discussion activities

Undertake each of these activities in small groups as indicated by your tutor. Before you start your discussion establish a non-threatening environment within the group and confirm confidentiality will be honoured.

First, form your own views and then share and compare in open critical discussion with colleagues. Reflect honestly on the extent to which: (i) you influenced the thinking and ideas of your colleagues; and (ii) you were influenced by your colleagues.

To what extent was your group able to reach consensus?

Agree one of your members to produce a brief written summary of the discussion and prepared to present in a plenary session.

Activity 1

- (a) For the following types of organisation suggest what features of each of the different approaches to organisational theory discussed in this chapter are most likely to predominate.

Explain your reasoning and support with examples.

- * six-star luxury international hotel
- * major civil service department
- * medical research university
- * maternity hospital
- * motor car manufacturer
- * large comprehensive school
- * maximum security prison
- * leisure centre

- (b) How much agreement was there among members of your group?

- (c) What conclusions do you draw?

- (d) How does the activity relate to your knowledge of different approaches to organisation theory and structure?

Activity 2

Place in *rank order* the four main experiments of the Hawthorne studies in terms of:

- (i) their relevance to the study of organisational theory; and
- (ii) practical applications today for the structuring and management of work organisations.

Attempt to achieve consensus among your colleagues.

Activity 3

- (a) Which *one* approach to approach to organisations, their structure and management and/or *one* writer on the subject has the greatest influence on you?
- (b) How would you defend criticisms of the study of social action theory and post-modernism as too ‘academic’ and abstract to have any real meaning outside of the classroom?

Organisational behaviour in action case study

Vanguard Method’ for systems thinking – beyond command and control



A different, more recent approach to thinking about organisation and structure applied to the service industry is that of the ‘Vanguard Method’ which is based on the pioneering work of among others, W. Edwards Deming, Chris Argyris and Taiichi Ohno. Ohno, the father of the Toyota Production System, drew attention to managers’ lack of control on the shop floor and to the importance of continuous revisions, and his ideas gave rise to concepts such as Total Quality Management and Just In Time. Ohno viewed the work organisation as an integrated system with the focus on flow throughout the system rather than on individual functions. As *Seddon* notes: ‘In Ohno’s philosophy each person’s work is connected to the needs of customers, as opposed to arbitrary and counterproductive measures of activity’.⁶⁰

Vanguard helps organisations change from command and control thinking to a systems thinking on the structure and design of work.

Command and control thinking		Systems thinking
Top-down, hierarchy	Perspective	Outside-in system
Functional specialisation and procedures	Design of work	Demand, value and flow
Contractual	Attitude to customers	What matters?
Separated from work	Decision-making	Integrated with work
Output, targets, activity, standards, related to budget	Measurement	Capability, variation: related to purpose
Contractual	Attitude to suppliers	Co-operative
Control budgets, manage people	Management ethos	Learn through action on the system
Extrinsic	Assumptions about motivation	Intrinsic

Emphasis is placed on the customer and measurement of success as opposed to targets of expected performance. The consequences are improved service to customers, at lower costs and improved morale. Service is different to manufacturing. In simple terms there is inherently greater variety in customer demand, hence the need to design to absorb that variety. We recommend that service organisations avoid the 'tools' developed for 'lean manufacturing' as they don't apply well in service organisations.

Intrinsic to The Vanguard Method is the transfer of expertise to people (managers and staff) in the organisation. Vanguard uses 'sensei', people who are experts in both intervention theory (how you make a change) and systems theory (how to analyse and design work). Vanguard senseis are experts in the 'what': how a systems design improves performance and the 'how': how to make this change.

Steps in the Vanguard Methods

Understanding the distinctions – Top management must understand what it means to change from command and control to systems thinking.

Scoping – Assessing the scope for improvement; knowledge about customer demand, revenue and service flows, waste and the causes of waste; the potential scope and value of making this change in practical terms.

Check – People who do the work given technical support and check their understanding of the what and why of performance as a system.

Measures and method – In parallel with 'check', managers work on the relationship between measures and method, understanding the need to change and use of measures for managing and improving performance.

Prototyping – The 'check' team and managers work on measures and establish a prototype of the re-design. The purpose is to develop the re-design and determine anticipated economies.

Leader's review – In order to make informed choices about benefits from adopting the new systems design and authorises preparation for implementation.

Proof of concept – Prototype is extended and developed to handle all customer demands; the consequential improvements are tracked with new (system) measures while management develop a new budgeting and management information system.

Constancy of purpose – Leadership of the change with the top management team including in particular roles and measures. Clarity about future state and means of implementation.

Implementation – Here a choice can be made: establishing a working pilot (a complete re-design but limited in volume or scope); or making a complete change to the organisation.

Changes to policy and practice – Review matters of policy and practice. Typically they will include budgeting, HR policy and practice, interpretation of regulations and IT.

Finding out what matters to your customers – Having re-designed and improved your service, it is a natural extension to step over the boundary and learn about what matters to your customers. The work leads to new services, designed with customers.

Source: Thanks to David Puttick, Vanguard. Reproduced with permission.

Tasks

1. What is your view of systems thinking as a further approach to organisation theory and structure?
2. To what extent do you agree with emphasis on the customer and measurement of success as opposed to targets of expected performance?
3. How far do you believe the *idea* of systems thinking could apply to both service and manufacturing organisations?

Chapter 11 – Personal skills and employability exercise

Objectives

Completing this exercise should help you to enhance the following skills:

- * Awareness of the type of organisation structure in which you would feel comfortable working.
- * Greater recognition about the type of job and work you would enjoy.
- * Improved knowledge about the likely direction of your work career.

Exercise

Answer each question 'mostly agree' or 'mostly disagree'. Assume that you are trying to learn something about yourself.

	Mostly agree	Mostly disagree
1 I value stability in my job.	☐	☐
2 I like a predictable organisation.	☐	☐
3 The best job for me would be one in which the future is uncertain.	☐	☐
4 The army would be a nice place to work.	☐	☐
5 Rules, policies and procedures tend to frustrate me.	☐	☐
6 I would enjoy working for a company that employed 85,000 people worldwide.	☐	☐
7 Being self-employed would involve more risk than I'm willing to take.	☐	☐
8 Before accepting a job, I would like to see an exact job description.	☐	☐
9 I would prefer a job as a freelance house painter to one as a clerk for the Department of Motor Vehicles.	☐	☐
10 Seniority should be as important as performance in determining pay increases and promotion.	☐	☐
11 It would give me a feeling of pride to work for the largest and most successful company in its field.	☐	☐
12 Given a choice, I would prefer to make £40,000 per year as a vice-president in a small company to £50,000 as a staff specialist in a large company.	☐	☐
13 I would regard wearing an employee badge with a number on it as a degrading experience.	☐	☐

	Mostly agree	Mostly disagree
14 Parking spaces in a company lot should be assigned on the basis of job level.	☐	☐
15 If an accountant works for a large organisation, he or she cannot be a true professional.	☐	☐
16 Before accepting a job (given a choice), I would want to make sure that the company had a very fine programme of employee benefits.	☐	☐
17 A company will probably not be successful unless it establishes a clear set of rules and procedures.	☐	☐
18 Regular working hours and holidays are more important to me than finding thrills on the job.	☐	☐
19 You should respect people according to their rank.	☐	☐
20 Rules are meant to be broken.	☐	☐

Source: Adapted from DuBrin, A. J. *Human Relations: A Job-Oriented Approach*, Reston Publishing/Prentice Hall (1978), pp. 296–7. Copyright © 1978. Reproduced with permission from Pearson Education Inc.

You should then consider the further information supplied to you by your tutor.

Discussion

- * How easy was it for you to agree or disagree with each question?
- * How far did members relate the questions to different ideas or studies on the structure and management of work organisations?
- * To what extent do you think personal skills and employability are influenced by the type of organisation structure?

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