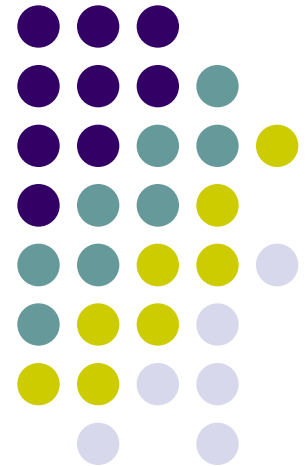


ORGANIZATION THEORY



SWRK 4013: Social Welfare Administration

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CONTENTS



- Organization Theory - Concept
- Objectives or usefulness of organization
- Different Organization Theories
 - 1. Classical Organization Theory**
 - 2. Neo-classical Organization Theory**
 - 3. Modern Theory**
- Features of a Mechanistic vs. Organic Organization

Organization Theory: Concept



- Organisation Theory may be defined as the study of:
 - i. Structure
 - ii. Functioning
 - iii. Performance
 - iv. the behaviour of groups and
 - v. individuals working in organizations
- Organisation Theory explains how organizations are actually designed and it offers suggestions as to how they can be constructed to improve organizational effectiveness.
- Organisation Theory helps people understand, diagnose and respond to organizational needs and problems.

Organization Theory: Objectives



The basic objective of organization theory is to –

1. furnish a general frame of reference for understanding and explaining behaviour patterns in organizations, and
2. for providing scientific basis for managerial actions concerned with predicting, controlling and influencing these behaviours, with a view to improve organizational effectiveness
3. It helps managers in exploring, analyzing and explaining what is happening in the organization
4. In a real sense, organization theory can make a manager more competent and more influential. Understanding how and why organizations act, lets managers know how to react.

Key Pillars or Characteristics of Organisation Theory



- Division of labour (tasks & sub-tasks)
- Scalar & Functional Processes (deals with vertical & horizontal elaboration and growth of an organisation)
- Structure (refers to the framework of formal relationship among tasks & activities)
- Span of Control (refers to the number of subordinates a manager can supervise effectively)

Different Organisation Theories



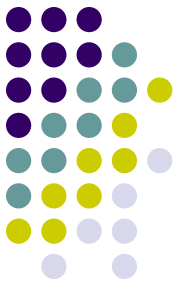
1. Classical Organisation Theory
2. Neo-classical Organisation Theory
3. Modern Theory

Classical Organisation Theory



- The classical writers have **viewed organisation as a machine** and persons as different components of that machine
- The classical theory has its origin in the writings of **Taylor**. However the main ideas of this theory have been developed by **Mooney, Brech, Allan and Urwick**.
- As per classical theory, where organisation is treated as machine, the efficiency of the organisation can be increased by making each individual efficient in it. For instance, Taylor emphasized on division of labour, fixing everyday's work etc.
- The emphasis is more on specialization of performance and coordination of various activities.
- **Classical theory completely ignores the human aspects** of organisation and deals exclusively with the formal structure that should be in an organisation.

Criticisms of the Classical Theory



- **Lack of Universality**
- **Unrealistic Assumptions**
 - Organisation as a closed system, which once created will work smoothly
 - Static view of organisation
 - Considers human beings as inert machines
 - People at work can be motivated only through economic rewards
- Excessive reliance on the strength of key pillars (**excessive division of work leads to de-personalisation**)
- **Bureaucratic Behaviour** (mindless and strict adherence to rules & regulations)
- **Neglect of Human Factor** (no room for emotions & no consideration of the informal relations or influence of informal groups on performance)
- **Little scope for integration** (of people with organisation – decision-making is done by the top without consultation with the subordinates)

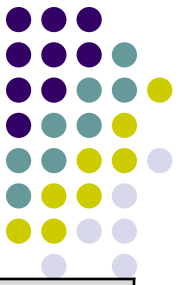
Neo-classical Organisation Theory



Concept

- The neo-classical theory has introduced the **Human Relations Approach** in the classical theory of organisation
- Organisation is a **combination of formal and informal forms** of organisation. The informal part was missing from the classical theory
- The **inspiration** of the neo-classical theorists were the **Hawthorne Experiments** conducted by **Mayo** and his associates from 1924 to 1932
- It **offers a more humanistic view** towards people at work, recognizes informal groups, group norms, informal leader, non-economic rewards, etc.

Difference between Classical & Neo-classical Theory



BASIS	CLASSICAL	NEO-CLASSICAL
Structure	Impersonal, Mechanical	Organisation is a social system
Focus	Focus is on work and economic needs of workers	Focus is on small groups, on emotional and human qualities of employees
Emphasis	Emphasis is on order & rationality	Emphasis is on personal, security & social needs of workers while achieving objectives of the organisation
Behaviour	Organisational behaviour is a product of rules and regulations	Behaviour is a product of feelings, sentiments and attitudes
Practices	Authoritarian practices , elaborate rules & regulations to obtain results	Democratic practices . Participatory decision-making; recognizes the importance of human dignity and values
Results	Work alienation; dissatisfaction	Happy & satisfied employees trying to increase production

Propositions of the Neo-classical Theory



1. Organisation as a **social system** composed of several interacting parts
2. The **social environment affects the performance** of people and is also affected by them
3. **Informal organisation also exists** and it affects and is affected by formal organisation
4. **Integration** of organizational and individual goals
5. **People are inter-dependent** and their behaviour can be predicted in terms of social factors
6. **Money is only one of the motivators but not the sole motivator.** Men are diversely motivated and socio-psychological factors are more important
7. **Two-way communication** is essential for the smooth functioning of the organisation
8. **Team work** is necessary for higher productivity

Criticisms of the Classical Theory



- The theory has limited applicability and is not suitable for all organisations
- It lacks a unified approach
- Lays more emphasis on human aspects and other aspects of the organisation has been ignored

Modern Organisation Theory: Concept



- Modern Organisation Theory is of recent origin having developed in the sixties and flourished in the seventies.
- This theory has an analytical base, and **relies on empirical research** and above all has integrating nature. It is highly constructive.
- It views the **organisation as a system** and studies it in its **totality** as a **complex system of human relationships**.
- The theory gives answers to many complex questions ignored by classical or neo-classical theorists. The important questions are –
 - a) What are strategic parts of the system?
 - b) What is the nature of their inter-dependency?
 - c) What are the processes which link various parts of the system and facilitate their adjustment to each other?
 - d) What are the goals of the system?

Modern Organisation Theory

Organization as a Social System



1. What are strategic **parts** of the system?

- Individual
- Formal organisation
- Informal organisation
- Status and roles
- Physical setting & environment

2. What is the nature of their inter-dependency?

- All the parts function unitedly, cooperatively, and in collaboration with each other

3. Linking Process

- Communication
- Decision-making
- Balance

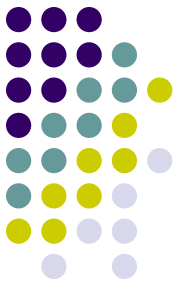
4. Goals

Appraisal of Modern Organisational Theory: Key Highlights



- Organisation as an **open system** consisting of five basic elements – Input, Throughput, Output, Feedback, Environment
- **Dynamic** and ever changing environment
- **Adapts** to the changing environment
- Multi-level and **multi-dimensional approach**
- **Multi-disciplinary** – contribution of economics, sociology, psychology, anthropology, social work, etc.
- Goes beyond the structural aspects as in classical & neo-classical theories and proposes a **more integrative model**
- Studies organisations **as a whole and not in parts**

Features of a **Mechanistic** Organisation



“A **mechanistic organization** is a rigid and tightly controlled structure... It is characterized by high specialization, rigid departmentalization, a limited information network (mostly downward communication), narrow spans of control, little participation in decision making by lower-level employees, and high formalization.

Mechanistic organizational structures tend to be efficiency machines and rely heavily on rules, regulations, standardized tasks, and similar controls. This organizational structure tries to minimize the impact of differing personalities, judgments, and ambiguity, because these human traits are seen as inefficient and inconsistent.”

(Robbins et al: 2013)

Features of an **Organic** Organisation



“In direct contrast, **organic organization** is as highly adaptive and flexible a structure as the mechanistic organization is rigid and stable. Organic organizations have a division of labour, but the jobs people do are not standardized. Employees are highly trained and empowered to handle diverse job activities and problems, and these organizations frequently use cross-functional and cross-hierarchical teams. Employees in organic organizations require minimal formal rules and little direct supervision; instead, they rely on a free flow of information and a wide span of control. Their high levels of skills and training and the support provided by other team members make formalization and tight managerial controls unnecessary.”

(Robbins et al: 2013)

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THANKS

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