

Organization Behavior Theories

term paper

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Theories of OB and Management

- Classical Organization Theory
 - Bureaucracy theory
 - Administrative theory
 - Scientific theory
- Neoclassical Theory
- Modern Theory/ system theory

Classical Organization Theory

- Classical organization theory evolved during the first half of the previous century.
- It represents the merger of
 - Scientific management.
 - Bureaucratic theory.
 - Administrative theory.

Scientific Management theory

Frederick Taylor (1917)

- developed Scientific Management theory (often called "Taylorism") at the beginning of the century

Basic principles of Taylorism

- 1) Find the one "Best way" to perform each task.
- 2) Carefully match each worker to each task.
- 3) Closely supervise workers, and use reward and punishment as motivators.
- 4) The task of management is planning and control.

The basic components of scientific management as propounded by Taylor

- Determination of the standard of performance
- Functional foremanship
- Responsibilities of management
- Differential piecework system of wage payment
- Initially, Taylor was very successful at improving production.
- His methods involved getting the best equipment and people, and

then carefully scrutinizing each component of the production process.

- By analyzing each task individually, Taylor was able to find the right combinations of factors that yielded large increases in production.
- While Taylor's scientific management theory proved successful in the simple industrialized companies at that time , it has Not faired well in modern companies.
- The philosophy of "production first, people second" has left a legacy of declining production and quality, dissatisfaction with work, loss of pride in workmanship, and a near complete loss of organizational pride.

Bureaucratic theory

Max Weber (1947)

- expanded on Taylor's theory, and stressed the need to reduce diversity and ambiguity in organizations.
- The focus was on establishing clear lines of authority and control.
- Weber's bureaucratic theory emphasized the need for a hierarchical structure of power.
- It recognized the importance of division of labor and specialization.
- A formal set of rules was bound into the hierarchy structure to insure stability and uniformity.
- Weber also put forth the notion that organizational behavior is a network of human interactions, where all behavior could be

understood by looking at cause and effect.

Goals of the Bureaucratic model

- Speed
- Precision
- Order
- Unambiguity
- Continuity
- Predictability

Bureaucratic management

- Specialization
- Structure
- Predictability and stability
- Objectivity
- Hierarchy
- Professionalism
- Emphasis on organisations

Administrative Management **Henri Fayol (1841-1925)**

- Management of organisation
- Fayol's principles of management
- Practical man of action
- Scientific management
- Man-machine

Administrative Management

— Fayol Believed that all managers perform five Managerial functions:

- Planning
- Organizing
- Commanding
- Coordinating
- Controlling

Fayol's Fourteen Principles

- Division of labor
- Authority
- Discipline
- Unity of command
- Unity of direction
- Subordination of individual interest for common good

Administrative theory

Mooney and Reiley (1931)

- Called also principles of management; it was formalized in the 1930's by Mooney and Reiley (1931).
- The emphasis was on establishing a universal set of management principles that could be applied to all organizations.

Classical Approach Was..

- Classical management theory was rigid and mechanistic.
- The shortcomings of classical organization theory quickly became apparent.
- Its major deficiency was that it attempted to explain people's motivation to work strictly as a function of economic reward.

Classical Approach Doesn't:

- Account for individual needs of employees
- Non-financial reward
- Social interaction

Neoclassical Organization Theories

- The human relations movement evolved as a reaction to the tough, It addressed many of the problems inherent in classical theory.
- The most serious objections to classical theory are that it created over conformity and rigidity, thus squelching creativity, individual growth, and motivation.
- Neoclassical theory displayed genuine concern for human needs.
- One of the first experiments that challenged the classical view was conducted by Mayo in the late 1920's at the Western Electric plant in Hawthorne, New York (Mayo, 1933).

Case study of The Hawthorne Plant

- The experiments were carried out between 1927 and 1933 at the Chicago Hawthorne plant of the Western Electric Company.
- While manipulating conditions in the work environment (e.g., intensity of lighting), they found that any change had a positive impact on productivity.

Conclusions on Hawthorne experiments

- An industrial organization is a socio technical system. The socio part is the human aspects that need to be taken care of in order to increase workers' productivity and the technical system is the physical aspects that also need to be improved.
- Employee attitudes and morale are also important as determinants of productivity.
- Other factors include worker's personality and supervisor's behavior, leadership style.
- A worker's social group has a prevailing effect on his or her altitude and productivity

Barnard (1968)

- proposed one of the first modern theories of organization by defining organization as a system of consciously coordinated activities. He stressed in role of the executive in creating an atmosphere where there is coherence of values and purpose.

Barnard (1968)

- Organizational success was linked to the ability of a leader to create a cohesive environment.
- He proposed that a manager's authority is derived from subordinates' acceptance, instead of the hierarchical power structure of the organization.

Barnard (1968)

- Barnard's theory contains elements of both classical and neoclassical approaches.
- Since there is no consensus among scholars, it might be most appropriate to think of Barnard as a transition theorist.

limited rationality Model

Simon (1945)

- Made an important contribution to the study of organizations when he proposed a model of "limited rationality" to explain the Hawthorne experiments.
- The theory stated that workers could respond unpredictably to managerial attention.
- The most important aspect of Simon's work was the rigorous application of the scientific method; Reductionism, quantification, and deductive logic were legitimized as the methods of studying organizations.
- The emphasis was on being able to control and manipulate workers and their environment.
- Taylor, Weber, Barnard, Mayo, Roethlisberger, and Simon shared the belief that the goal of management was to maintain equilibrium.

Human Relations Approach

Maslow's Hierarchy of Needs Theory

- Humans are motivated by basic needs
- Five Levels-lower order needs must be met before reaching higher needs
- Continue shift of emphasis to social interaction and managerial attention in the workplace

Maslow's Hierarchy of Needs Theory

- 1. Physiological
 - “living wage” to purchase food and clothing
- 2. Safety
 - Free from danger (safe working conditions)
- 3. Affiliation
 - Need to belong, social relationships with co-workers
- 4. Esteem
 - Sense of achievement and accomplishment (internal)
 - Compensation and reward (external)
- 5. Self-Actualization
 - Job that allows growth and creativity

Mcgregor's Theory X and Theory Y

The assumptions managers have about the function of an organization

- Theory X postulates the negatives about human nature
 - Classical approach
- Theory Y postulates the positive about human nature -
 - Human relations approach
- These categories are not mutually exclusive
- Principles highlight human needs and satisfaction with those needs being met

Human Relations Approach

- Need for attention
- Social interaction
- Individual achievement
- If management pays attention to these, worker productivity will increase!

Recap on Human Relations

- Lack of research and data to support relationship fulfilling needs & satisfaction.
- Hawthorne Studies served as springboard to Human Relations
- Managers still control-fear of misuse & manipulation by management
- Problem with relationship worker satisfaction and productivity

Flow Chart on H.R. Principle **When Doing HR, Consider This!**

- Know when team-based management is appropriate.
- Consider the attitudes of top (and bottom) management.
- Deal with cynicism about change.
- Understand the nature of empowerment.
- Facilitate the translation program (how to create a new climate within the organizational culture.