Traditional and contemporary view of social aspects of organizations

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Organizations in sociology

Max Weber (1864-1920)- his contributions to sociology include key contributions to organizational sociology

• Concept of bureaucracy
• Concepts of power and authority:
  – Authority is either
    • rational-legal (based on rules)
    • traditional
    • charismatic
Characteristics of Weber’s ideal bureaucracy

• Hierarchy of authority
  – tasks distributed as „official duties”,
  – looks like a pyramid with the positions of highest authority at the top,
  – chain of command from top to bottom – making coordinated decisions possible
Characteristics cnd.

• Written rules
  – govern the conduct of officials at all levels,
  – not the same as routine,
  – might need flexibility in their interpretation
Characteristics and

- Officials
  - full-timed and salaried,
  - each job – fixed salary,
  - possibilities of promotion – on the basis of capability, seniority or both

- Separation between tasks within organization and officials’ life outside
  - home is distinct from work

- Members of organization are not owners of its material resources they operate on
  - separation of work from control of the means of production
The effectiveness of bureaucracy

• Bureaucratic procedures
  – might limit initiative
  – ensure decisions are taken according to general criteria rather than individual caprice

• Training of officials
  – ensures a general level of overall competence
The effectiveness can:

- Making officials positions, salaried and full-timed
  - limits the risk of corruption

- Performance judged by examination or other public means
  - reduces the risk of obtaining positions through personal favor or kinship connections

"You really want this promotion badly, don't you?"
Organizations in sociology

• Talcott Parsons (1902-1979)
  – propounded a functionalist view of society as being a social system

• According to Parsons organizations:
  – helped society solve adaptive problems
  – by providing instruments capable of
    • getting work done and
    • attaining specific goals
Parsons on organizations

• Parsons saw organizations as containing three levels:
  – the lower level focused on technical efficiency,
  – the middle managerial level that coordinates and adapts these technical resources, and
  – the upper or institutional level that legitimates the organization to the wider society
Organizations in sociology

- Amitai Etzioni (1929)
  - developed farther Weberian and Parsonian traditions in organizational sociology
  - distinguished three different bases of compliance in organizations and three different bases of involvement that were congruent with them
Basis of compliance vs basis of involvement

- **Coercive compliance systems** (i.e. prison) - alienated lower level participants (i.e. prisoners), who are reluctant members, governed by force.

- **Utilitarian compliance systems** (i.e business firms) - have instrumental lower level participants (i.e. workers) - with calculative involvement, who comply only to the extent that they are materially rewarded,

- **Normative compliance systems** (i.e. monasteries) - have lower level participants (i.e. monks) - with moral involvement who comply because of symbolic rewards.
Organizations i sociology cnd.

- Functionalist sociology,
  - treatment of organizations (like societies) as systems adapting to their environment and producing instrumental benefits
Organizations in sociology end.

- Functionalistic perception of organizations challenged by conflict theories.

- Conflict theories:
  - individuals in organizations (as in society) have divergent interests, which they pursue,
  - through power and politics,
  - leading to conflict and resistance
Traditional and contemporary studies of organizational behavior
Beginnings

• First systematic studies of organizational behavior - late decades of XIX century

• inspiration - changes in social structure (industrialization and bureaucratization),

• scholars from a number of disciplines begin to pay closer attention to organizations and to their effects on social life

• Polarity:
  – Engineering orientation
  – Social orientation
Engineering orientation

• The earliest approach- featured an engineering orientation:

• How could work systems be designed to improve reliability and productivity?
Frederick Taylor (1856-1915)

- proposed reforming work systems from the bottom up.
- standardization of nuts and bolts
- gradually addressed the motions of workers,
- the sequencing of tasks,
- the packaging of tasks into jobs,
- the arrangement of jobs into departments
• **Henri Fayol (1841-1925),**
  – proceeded from the top down,
  – devising principles for subdividing and coordinating complex work systems
  – Developed a general theory of business administration that is often called Fayolism.
  – Fayolism- a theory of management that analyzed and synthesized the role of management in organization
• Max Weber's
• ideal-type models of rational-legal administrative systems
• served to reinforce the prevailing:
  – design-driven,
  – formalized,
  – prescriptive
  
  approach to organizations
Social orientation

- social scientists entered the workplace during the 1930s and 1940s,
- talked to and observed participants,
- challenged the conception of organization as dominated by rational, instrumental behavior.
• *social psychologists* - research uncovered
  – more complex individual motives

• *anthropologists* and *sociologists* - studies revealed:
  – unofficial, informal patterns of cooperation,
  – shared norms,
  – conflicts between and among managers and workers
In early approaches:

• No attention to organizations as of interest in their own right

• The topics under examination:
  – industrial design,
  – management,
  – employee psychology,
  – work groups.

• Organizations
  – seen as settings within which work was carried out,
  – not as themselves distinctive social systems, let alone collective actors.
Focus on organization

- Chester Barnard (1886-1961) and Philip Selznick (1919-2010) - the first scholars to focus primary attention on the organization as the unit of interest.

- Organizations - not only as technical production systems but also as adaptive social systems attempting to survive in their environment.
Chester Barnard

• attention to the interdependence of formal and informal structures within organizations

• the primary function of the executive:
  
  – not to design efficient systems—mere “managers” could do that
  
  – to devise and promulgate moral visions of the organization's mission – to command commitment from participants
Philip Selznick emphasized the “paradox” presented by organizations

– “formal structures subject to calculable manipulation”
– social structures “inescapably imbedded in an institutional matrix”

• *Let’s listen to him talking about organizations and institutions* **film**
• **Alvin Ward Gouldner (1920-1980)** codified these two linked but contrasting visions, identifying:

  • a “rational system” perspective
    – organizations as instruments that can be consciously manipulated and modelled to accomplish given ends,

  • a “natural system” perspective
    – organizations as organic systems seeking survival, as collectivities that evolve via spontaneous, indeterminate processes.
Organizations as a recognized field of social scientific study during the 1950s

• The two academic centers
  – Carnegie Institute of Technology (now Carnegie-Mellon University)
  – Columbia University.

• Both - researched the paradox that had confounded and divided their predecessors.
Carnegie

• Research by: political scientists, economists, and psychologists.

• Herbert Simon (1916-2001)
  – focused attention on decisions and decision makers, stressing the importance of bounded rationality

• collaborative work with James G. March (1928) from Stanford University
  – raised the level of analysis to the organization, explanation of actions
Simon and colleagues at Carnegie
• worked from a model—of “bounded rationality”—approach linking:
  – purpose and intentionality
  – with the recognition of cognitive and social constraints restricting such rational action
Columbia

• Sociologists under the leadership of Robert K. Merton

• “unintended consequences of purposive action,”

• Other researchers carried out studies of public and private organizations
Columbia

- **Philip Selznick**
  - attention to “paradox.”

- **Peter Blau (1918-2002)**
  - “dilemmas” of bureaucracy, as formal structures designed to solve one problem give rise to others

- **Alvin Gouldner (1954)**
  - “two-faced” nature of organizations as systems of coercion and consent
Contemporary sociology of organizations

• Researchers work somewhere within the space anchored by these two poles

• Concepts as varied as:
  – “transaction costs” (O. Williamson)
  – “rational myths” (Meyer & Rowan)
  – the “social embeddedness of economic action” (M. Granovetter) film
  – confrontation of logics of “instrumentality” and “appropriateness” (March & Olsen)
Organizational sociology vs organization studies

- exhibit a common heritage and bear similar birthmarks
- organization studies has expanded rapidly.
- The range of disciplines involved includes:
  - all the social sciences—anthropology, communications, economics, political science, psychology, sociology
  - selected branches of engineering, cognitive and decision sciences, and management studies such as organization behavior, strategy, and entrepreneurship
- Sociologists have played a central role in shaping many aspects of this wide-ranging field
Between 1950s-1980s

• Sociologists pursued a variety of topics,
• Their most distinctive - the determinants of organization structure.
  – How could one best describe the distinctive features of organizations?
  – What forces were at work in shaping these characteristics?
• Peter Blau - research program,
  – examined the formal structures of contrasting types of organizations as systems
  – “exhibiting regularities of [their] own”
• from the 1980s to the present
• examining the structural characteristics of
  – collections of similar organizations (organizational populations)
  – collections of diverse interdependent organizations—
    the structure of organizational fields and networks.
Research focused on:
• determinants
• consequences of organization structure,
• effects on organizational performance and participants
• power and social inequality
Open systems approach - 1960s

• Before open system ideas:
  – concentrated on actors (workers, work groups, managers) and processes (motivation, cohesion, control) within organizations.
  – environment within which the organization operated if noticed was depicted as the source of troubles.

• Scientists such as:
  – Daniel Katz, Robert Kahn, Paul Lawrence, Jay Lorsch, John Thompson, Karl Weick
Trends in contemporary research

- recognition of the many and diverse ways in which the environment constitutes, influences, and penetrates organizations
New insights of research basing on open-system approach

• *contingency theory*
  – although all organizations are dependent on their environment for resources and technical information, these environments vary in complexity and uncertainty, and, consequently, organization structures are expected to differ
transaction costs theory

- Oliver Williamson pursued Ronald Coase's concept
- all transactions (exchanges of goods and services) are costly, but some are more costly than others.
- Transactions relatively uncertain and complex - more elaborate mechanisms of governance to insure security for the parties involved
  - Hierarchy?
  - Market?
- Organizations as institutions film
resource dependence theory

- stresses the benefits of adaptation to the environment
- conceives environments as including political as well as economic systems
- organizations must exchange resources to survive,
- such exchanges, if imbalanced, give rise to power differences
- economic exchanges may create power differences, and economic dependency may spawn political solutions
- managers not only manage structures but also their environments - reducing dependencies and seeking adequate power advantages
Network theory

- In the 1970s and 1980s, network theory was applied to the study of relations among organizations.
- Harrison White developed the methodology of SNA.
- Measures and methods appropriate to examining networks of organizations were developed.
  - An organization's location in a network of relations, as well as the structure of the network itself, were recognized to affect organizational behavior and outcomes.
organizational ecology

• Attention on “populations” of organizations—organizations of the same
• Subsequent work has focused on population dynamics—on the ways in which new types of organizations arise, grow, compete, and decline over long periods of time
• The *organization population*

• A population is defined as consisting of all those organizations that compete for resources in the same environmental niche
institutional theory

- cultural features of environments
- building on the work of Peter Berger & Thomas Luckmann
- organizations must consider not only their technical environment but also their “institutional” environment: regulatory, normative, and cultural-cognitive features that define “social fitness”
• Of the six approaches,
  – ecological, relational, and institutional—were based on the work of sociologists
  – the political (resource dependence) perspective—drew heavily on sociologist Richard Emerson's formulation, applying it at the interorganization rather than the interpersonal level
Recent changes in organizations

- the boundaries of organizations have become more open and flexible
- more permeable and less fixed.
- Permanent workers are joined or replaced by temporary, part-time, and contract employees;
- teams and project groups often include members from multiple independent firms;
- organizations downsize, add and sell off components, and enter into alliances with exchange partners and competitors that realign operational frontiers