2 APPROACHES TO ORGANISATION AND MANAGEMENT

Organisational behaviour is a discursive subject and much has been written about it. The study of organisations and management has therefore to proceed on a broad front. It is the comparative study of the different approaches that will yield benefits to the manager. The study of organisations, their structure and management is important for the manager. Identification of major trends in management and organisational behaviour, and the work of leading writers, provide a perspective on concepts and ideas discussed in more detail in other chapters.

Learning outcomes

After completing this chapter you should be able to:

- identify major trends in the development of organisational behaviour and management thinking;
- contrast main features of different approaches to organisation and management;
- evaluate the relevance of these different approaches to the present-day management of organisations;
- explain the relationships between management theory and practice;
- assess the value of the study of different approaches to organisation and management;
- recognise the relationship between the development of theory, behaviour in organisations and management practice;
- establish a basis for consideration of aspects of organisational behaviour discussed in subsequent chapters.

Critical reflection

'It is often claimed that what leading writers say is an important part of the study of management and organisational behaviour. Others say that all these different ideas are little more than short-term fads and have little practical value.'

What do you think? What role does management theory have in helping us solve problems we face in our organisational lives today?

THE THEORY OF MANAGEMENT

A central part of the study of organisation and management is the development of management thinking and what might be termed management theory. The application of theory brings about change in actual behaviour. Managers reading the work of leading writers on the subject might see in their ideas and conclusions a message about how they should behave. This will influence their attitudes towards management practice.

The study of management theory is important for the following reasons:

■ It helps to view the interrelationships between the development of theory, behaviour in organisations and management practice.
■ An understanding of the development of management thinking helps in understanding principles underlying the process of management.
■ Knowledge of the history helps in understanding the nature of management and organisational behaviour and reasons for the attention given to main topic areas.
■ Many of the earlier ideas are of continuing importance to the manager and later ideas on management tend to incorporate earlier ideas and conclusions.
■ Management theories are interpretive and evolve in line with changes in the organisational environment.

As *McGregor* puts it:

Every managerial act rests on assumptions, generalizations, and hypotheses – that is to say, on theory. Our assumptions are frequently implicit, sometimes quite unconscious, often conflicting; nevertheless, they determine our predictions that if we do a, b will occur. Theory and practice are inseparable.[1]

Miner makes the point that the more that is known about organisations and their methods of operation, the better the chances of dealing effectively with them. Understanding may be more advanced than prediction, but both provide the opportunity to influence or to manage the future. Theory provides a sound basis for action.[2] However, if action is to be effective, the theory must be adequate and appropriate to the task and to improved organisational performance. It must be a 'good' theory.

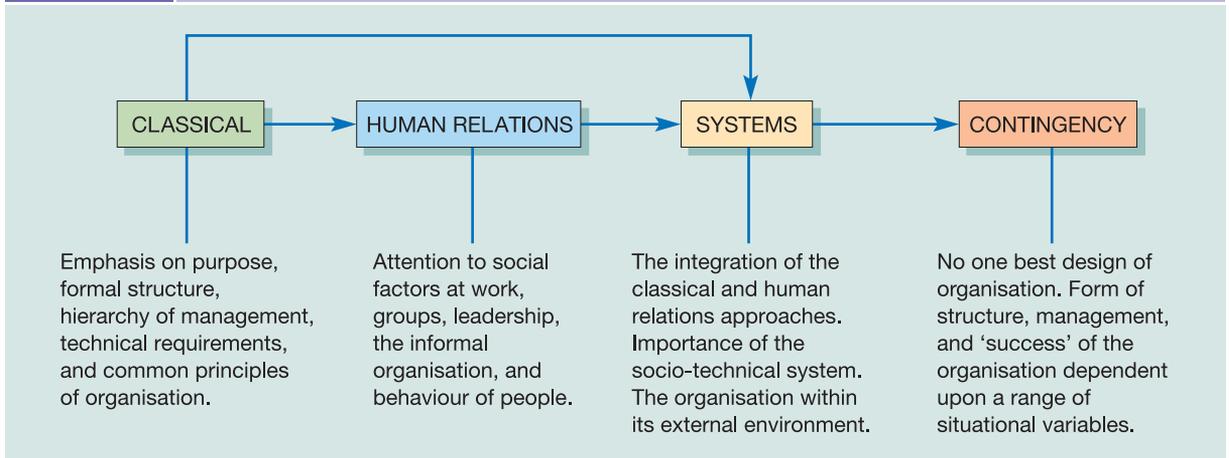## DEVELOPMENTS IN MANAGEMENT AND ORGANISATIONAL BEHAVIOUR

It is helpful, therefore, to trace major developments in management and organisational behaviour and what has led to the concentration of attention on such topics as motivation, groups, leadership, structure, and organisation development.[3]

Writing on organisation and management, in some form or another, can be traced back thousands of years.[4] Also, *Shafritz* makes an interesting observation about the contribution of William Shakespeare (1564–1616):

While William Shakespeare's contribution to literature and the development of the English language have long been acknowledged and thoroughly documented, his contribution to the theory of management and administration have been all but ignored. This is a surprising oversight when you consider that many of his plays deal with issues of personnel management and organizational behavior.[5]

However, the systematic development of management thinking is viewed, generally, as dating from the end of the nineteenth century with the emergence of large industrial organisations and the ensuing problems associated with their structure and management.[6] In order to help identify main trends in the development of organisational behaviour and management theory, it is usual to categorise the work of writers into various 'approaches', based on their views of organisations, their structure and management. Although a rather simplistic process, it does provide a framework in which to help direct study and focus attention on the progression of ideas concerned with improving organisational performance.

Figure 2.1	Main approaches to organisation, structure and management

CLASSICAL	HUMAN RELATIONS	SYSTEMS	CONTINGENCY
Emphasis on purpose, formal structure, hierarchy of management, technical requirements, and common principles of organisation.	Attention to social factors at work, groups, leadership, the informal organisation, and behaviour of people.	The integration of the classical and human relations approaches. Importance of the socio-technical system. The organisation within its external environment.	No one best design of organisation. Form of structure, management, and 'success' of the organisation dependent upon a range of situational variables.

A framework of analysis

There are, however, many ways of categorising these various approaches. For example, *Skipton* attempts a classification of 11 main schools of management theory.[7] Whatever form of categorisation is adopted, it is possible to identify a number of other approaches, or at least sub-divisions of approaches, and cross-grouping among the various approaches. The choice of a particular categorisation is therefore largely at the discretion of the observer.

The following analysis will revolve around a framework based on four main approaches, shown in Figure 2.1:

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

Attention is also drawn to other 'approaches' or ideas, including:

- decision-making;
- social action;
- postmodernism.

See Figure 2.4 on page 64.

THE CLASSICAL APPROACH

The **classical** writers thought of the organisation in terms of its purpose and formal structure. They placed emphasis on the planning of work, the technical requirements of the organisation, principles of management, and the assumption of rational and logical behaviour. 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 Taylor, Fayol, Urwick, Mooney and Reiley, and Brech. Such writers were laying the foundation for a comprehensive theory of management.

A clear understanding of the purpose of an organisation is seen as essential to understanding how the organisation works and how its methods of working can be improved. Identification of general objectives would lead to the clarification of purposes and responsibilities at all levels of the organisation and to the most effective structure. Attention is given

to the division of work, the clear definition of duties and responsibilities, and maintaining specialisation and co-ordination. Emphasis is on a hierarchy of management and formal organisational relationships.

Sets of principles

The classical writers (also variously known as the formal or scientific management writers – although scientific management is really only a part of the classical approach) 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 and management.

Most classical writers had their own set of principles but among the most publicised are those of *Fayol* and *Urwick* (*see* Chapters 8 and 9). Fayol recognised there was no limit to the principles of management but in his writing advocated 14.[8] Urwick originally specified eight principles, but these were revised to ten in his later writing.[9]

Mooney and Reiley set out a number of common principles which relate to all types of organisations. They place particular attention on:

- **the principle of co-ordination** – the need for people to act together with unity of action, the exercise of authority and the need for discipline;
- **the scalar principle** – the hierarchy of organisation, the grading of duties and the process of delegation; and
- **the functional principle** – specialisation and the distinction between different kinds of duties.[10]

Brech attempts to provide a practical approach to organisation structure based on tried general principles as opposed to the 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.[11] 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 and management.

Evaluation of the classical approach

The classical writers have been criticised generally for not taking sufficient account of personality factors and for 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.*[12]

Research studies have also expressed doubt about the effectiveness of these principles when applied in practice.[13] 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. 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.

Major sub-groupings

Two major 'sub-groupings' of the classical approach are:

1 **scientific management**, and
2 bureaucracy.

SCIENTIFIC MANAGEMENT

Many of the classical writers were concerned with the improvement of management as a means of increasing productivity. At this time, emphasis was on the problem of obtaining increased productivity from individual workers through the technical structuring of the work organisation and the provision of 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.[14] Taylor believed that in the same way that there is a best machine for each job, so there is a best working method by which people should undertake their jobs. He considered that 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 a believer in the rational–economic needs concept of motivation. He believed that if management acted on his ideas, work would become more satisfying and profitable for all concerned. Workers would be motivated by obtaining the highest possible wages through working in the most efficient and productive way. Taylor was concerned with finding more efficient methods and procedures for co-ordination and control of work. He set out a number of principles to guide management. These principles are usually summarised as:

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

In his famous studies at the Bethlehem Steel Corporation, Taylor, who was appointed as a management consultant, applied his ideas on scientific management to the handling of pig iron. A group of 75 men were loading an average of $12\frac{1}{2}$ tons per man per day. Taylor selected a Dutch labourer, called Schmidt, whom he reported to be a 'high-priced' man with a reputation for placing a high value on money, and a man 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 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 men 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 the workers who found the 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.

Scientific management was applied for a time in other countries with similar criticisms and hostile reactions. The ideas of scientific management were also adopted in the American Watertown Arsenal despite the lingering doubts of the controller. He was not convinced about the benefits of paying bonuses based on methods which reduced time taken to complete a job; also the workers reacted unfavourably to time and motion studies and he was fearful of a strike. The controller eventually gave way, however, and the scientific management approach was adopted – to be followed almost immediately by a strike of moulding workers. The strike at Watertown Arsenal 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. The studies at Watertown Arsenal were resumed but the unions retained an underlying hostility towards scientific management. A subsequent attitude survey among the workers revealed a broad level of resentment and hostility, by both union and non-union members, to scientific management methods. As a result of this report the Senate banned Taylor's methods of time study in defence establishments.

Taylorism as management control

There has also been considerable interest in 'Taylorism' as representing a system of management control over workers. Taylor placed emphasis on the content of a 'fair day's work' and on 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 and method of production, and the adaptation of labour to the needs of capital. Taylor's work was more concerned with the organisation of labour than with the development of technology. A distinctive feature of Taylor's thought was the concept of management control.[15] 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.[16]

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. He believed in multiple layers of management to supervise the work process and in rigid, detailed control of the workforce.

> *Taylor's theories justified managerial control over the production process and removed decision making from employees and from owners as well. The increasingly authoritative operational role of management diminished the direct involvement of owners in day-to-day decision making. Managers saw this as an opportunity to solidify their power and adopted Taylor's ideas wholesale. In the process, they affirmed efficiency over collaboration, quantity over quality, and cost controls over customer service.*[17]

Critical reflection

'Despite the strong criticisms of scientic management, in the right circumstances the underlying principles still have relevance and much to offer business organisations today. It is just that many commentators appear reluctant to openly admit that this is the case.'

What are your views? Where could scientific management be applied for the best overall effect?

RELEVANCE OF SCIENTIFIC MANAGEMENT

While Taylor's work is often criticised today 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. Taylor's main concern was with the efficiency of both workers and management. He believed his methods of scientific management would lead to improved management–labour relations and contribute to improved industrial efficiency and prosperity.

Taylor adopted an instrumental view of human behaviour together with the application of standard procedures of work. Workers were regarded as rational, economic beings motivated directly by monetary incentives linked to the level of work output. Workers were viewed as isolated individuals and more as units of production to be handled almost in the same way as machines. Hence, scientific management is often referred to as a machine theory model.

Taylor's work continues to evoke much comment and extreme points of view. For example, *Rose* suggests:

> It is difficult to discuss the 'contribution' of F. W. Taylor to the systematic study of industrial behaviour in an even-tempered way. The sheer silliness from a modern perspective of many of his ideas, and barbarities they led to when applied in industry, encourage ridicule and denunciation.[18]

The theme of inefficiency

Rose argues that Taylor's diagnosis of the industrial situation was based on the simple theme of inefficiency. Among his criticisms are that Taylor selected the best workers for his experiments and assumed that workers who were not good at one particular task would be best at some other task. There is, however, no certainty of this in practice. Taylor regarded workers from an engineering viewpoint and as machines, but the one best way of performing a task is not always the best method for every worker.

The reduction of physical movement to find the one best way is not always beneficial and some 'wasteful' movements are essential to the overall rhythm of work. Rose also argues that the concept of a fair day's pay for a fair day's work is not purely a technical matter. It is also a notion of social equity and not in keeping with a scientific approach. *Drucker*, however, claims:

> Frederick Winslow Taylor may prove a more useful prophet for our times than we yet recognize . . . Taylor's greatest impact may still be ahead . . . the under-developed and developing countries are now reaching the stage where they need Taylor and 'scientific management' . . . But the need to study Taylor anew and apply him may be the greatest in the developed countries.[19]

According to Drucker, the central theme of Taylor's work was not inefficiency but the need to substitute industrial warfare by industrial harmony. Taylor sought to do this through:

- higher wages from increased output;
- the removal of physical strain from doing work the wrong way;
- development of the workers and the opportunity for them to undertake tasks they were capable of doing; and
- elimination of the 'boss' and the duty of management to help workers.

Drucker also suggests that Taylor's idea of functional foremen can be related to what is now known as matrix organisation (matrix organisation is discussed in Chapter 9). Support for Drucker's views appears to come from *Locke* who asserts that much of the criticism of Taylor is based on a misunderstanding of the precepts and that many of his ideas are accepted by present-day managers.[20]

Impetus to management thinking

Whatever the opinions on scientific management, Taylor and his disciples have left to modern management the legacy of such practices as work study, organisation and methods, payment by results, management by exception and production control. The development of mass assembly line work ('Fordism'), which was invented by Henry Ford in 1913 and which dominated production methods in Western economies, can be seen to have many common links with the ideas of scientific management.[21] The concept of Six Sigma can also be related to Taylor's quest for 'systematic management'. For example, in his book on the future of management, *Hamel* makes the following observation:

> One can imagine Taylor looking down from his well-ordered heaven and smiling fondly at the Six Sigma acolytes who continue to spread his gospel. (His only surprise might be that 21st-century managers are still obsessing over the same problems that occupied his inventive mind a hundred years earlier.)[22]

The principles of Taylor's scientific approach to management 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, Figure 2.2 shows a 'Hanger Insertion Programme' for a large American department store. Large hotel organisations often make use of standard recipes and performance standard manuals and it is common for housekeeping staff to have a prescribed layout for each room, with training 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. 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.

Whatever else Taylor did, at least he gave 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 management literature.[23] 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.[24]

It is difficult to argue against the general line of Taylor's principles but they are subject to misuse. What is important is the context and manner in which such principles are put into effect. There is arguably one best way *technically* to perform a job, particularly, for example, with factory assembly line production. However, account needs to be taken of human behaviour. People tend to have their preferred way of working and the need for variety and more interesting or challenging tasks. Provided work is carried out safely and to a satisfactory standard and completed on time, to what extent should management *insist* on the 'one best way'?

Figure 2.2	Hanger Insertion Programme: an example of scientific management

KEY IDEAS

Hanger Insertion

■ The new programme involving the process of hanging merchandise on hangers efficiently and effectively.

The purposes of this new programme:

■ To assist the stores in better customer service – by having the merchandise ready to go on the floor, saving space in the stockroom, and creating customer goodwill.
■ To increase the units per hour produced.
■ To perform the job duties as efficiently and effectively as possible.

TECHNIQUES

■ Keep the necessary items needed in your range. All supplies should be within arm's reach. For example, place the trash bin next to you, have your hanger supply near you. You should not need to take any steps.

■ For ANY prepack, Unpack merchandise in the prepack or unpack enough of the prepack in the amount to be placed on the trolley, tearing the plastic off of the entire group.
Lay the merchandise out on the unpack table, and if applies, unfold each piece, removing tissue, etc.
Insert the hangers and hang the *entire group* of merchandise at once.

■ When removing hangers from the merchandise, have the merchandise in a group on the unpack table; remove these hangers working from the front to the back.

■ When inserting hangers, as a group, insert working from the back to the front of the group on the unpack table. Hang pieces as a group.

■ If merchandise is bulky, Leave merchandise folded, **remove all of the plastic at once**, insert hangers for merchandise unpacked, hang all pieces on the trolley, then remove at the same time all excess plastic, clips, etc.

■ When possible, it is more efficient to remove all the plastic at once after the merchandise is hung.

■ When hanging pants, skirts, etc., slip the hanger over both sides of the piece of merchandise and push metal clips down at the same time. This will alleviate additional steps.

■ When pants are in plastic and hangers have to be removed, hang them first, take pants off hangers, lay on table, throw away plastic, insert hangers.

■ When having to button pants, skirts, etc., take the top of the button through the hole first. This makes the process flow easier and more efficient.

■ Put your supply of hangers in the cover of a tote and place on the table next to you.

It seems that Taylor did not so much ignore (as is often suggested) 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**. Its importance in the development of organisation theory means that it is often regarded as a sub-division under the classical heading and studied as a separate approach to management

and the organisation of work. The ideas and principles of the classical writers were derived mainly from practical experience. Writers on bureaucracy, however, tend to take a more theoretical view.

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.[25] 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 a permanent administration and standardisation of work procedures notwithstanding changes in the actual holders of office.

The term 'bureaucracy' has common connotations with criticism of red tape and rigidity, though in the study of organisations and management it is important that the term is seen not necessarily in a deprecative sense, but as applying to certain structural features of formal organisations. Weber analysed bureaucracies not empirically but as an 'ideal type' derived from the most characteristic bureaucratic features of all known organisations. He saw the development of bureaucracies as a means of introducing order and rationality into social life.

Main characteristics of bureaucracies

Weber did not actually define bureaucracy, but did attempt to identify the 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).

- The tasks of the organisation are allocated as official duties among the various positions.
- There is 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.[26]

The four main features of bureaucracy are summarised by *Stewart* as specialisation, hierarchy of authority, system of rules and impersonality.

- **Specialisation** applies more to the job than to the person undertaking the job. This makes for continuity because the job usually continues if the present job-holder leaves.
- **Hierarchy of authority** makes for a sharp distinction between administrators and the administered or between management and workers. Within the management ranks there are clearly defined levels of authority. This detailed and precise stratification is particularly marked in the armed forces and in the civil service.
- **System of rules** aims to provide for an efficient and impersonal operation. The system of rules is generally stable, although some rules may be changed or modified with time. Knowledge of the rules is a requisite of holding a job in a bureaucracy.
- **Impersonality** means that allocation of privileges and the exercise of authority should not be arbitrary, but in accordance with the laid-down system of rules. In more highly developed bureaucracies there tend to be carefully defined procedures for appealing against certain types of decisions. Stewart sees the characteristic of impersonality as the feature of bureaucracy which most distinguishes it from other types of organisations. A bureaucracy should not only be impersonal but be seen to be impersonal.[27]

CRITICISMS OF BUREAUCRACY

Weber's concept of bureaucracy has a number of 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.
■ 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*.[28] 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.

When these ideas are related to the main features of bureaucracy discussed above, such as specialisation, hierarchy of authority, system of rules and impersonality, it is perhaps easy to see the basis of Argyris' criticism.

A similar criticism is made by *Caulkin* who refers to the impersonal structure of bureaucracy as constructed round 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.[29]

EVALUATION OF BUREAUCRACY

The growth of bureaucracy has come about through the increasing size and complexity of organisations and the associated demand for effective administration. The work of the classical writers has given emphasis to the careful design and planning of organisation structure and the definition of individual duties and responsibilities. Effective organisation is based on structure and delegation through different layers of the hierarchy. Greater specialisation and the application of expertise and technical knowledge have highlighted the need for laid-down procedures.

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. *Peters and Waterman* found that excellent American companies achieved quick action just because their organisations were fluid and had intensive networks of informal and open communications.[30] By contrast, 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.[31]

According to *Cloke and Goldsmith*, management and bureaucracy can be thought of as flip sides of the same coin. The elements of bureaucracy generate organisational hierarchy and management, while managers generate a need for bureaucracy.

> *Bureaucracies provide a safe haven where managers can hide from responsibility and avoid being held accountable for errors of judgement or problems they created or failed to solve. In return, managers are able to use bureaucratic rules to stifle self-management and compel employees to follow their direction . . . Yet bureaucratic systems can be broken down and transformed into human-scale interactions. We have seen countless managers recreate themselves as leaders and facilitators, employees reinvent themselves as responsible self-managing team members, and bureaucracies transform into responsive, human-scale organizations. Alternatives to organizational hierarchy are both practical and possible.*[32]

Organisational solutions

As organisations face increasing global competitiveness and complex demands of the information and technological age, the need arises for alternative forms of corporate structure and systems. *Ridderstrale* points out that in the past century the hallmark of a large company was hierarchy, which rests on principles at odds with the new strategic requirements. 'Bureaucracies allowed people with knowledge to control ignorant workers. Now, new structures are needed as knowledge spreads.' Ridderstrale suggests four specific ways in which high-performing organisations have responded to increasingly complex knowledge systems by developing organisational solutions which depart from the traditional bureaucratic model:

- more decentralised and flatter structures in order that quick decisions can be taken near to where the critical knowledge resides. Flatter structures can be achieved by increasing the span of control and reducing layers from the top or removing layers of middle management;
- the use of more than a single structure in order that knowledge may be assembled across the boundaries of a traditional organisation chart. If people have less permanent places in the hierarchy they are more readily able to move across functional and geographical borders;
- converting companies into learning organisations and giving every employee the same level of familiarity with personnel and capabilities. Successful companies develop a detailed inventory of core competencies. In order fully to exploit current knowledge, managers need to know what the company knows;
- the broader sharing of expertise and knowledge, which may be located in the periphery where little formal authority resides. Managers need to share principles to ensure co-ordination and to encourage 'lowest common denominators' and the development of 'tribal' qualities through shared ownership and rewards, common norms, culture and values.[33]

Public sector organisations

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.[34] 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.[35]

Relevance today

By their very nature, bureaucracies are likely to attract criticism. 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.[36] Much of this criticism is valid, but much also appears unfair.

Stewart suggests that more organisations today contain mainly or a considerable number of professionals. Such organisations will still have bureaucratic features, although there is more reliance on professional discretion and self-regulation than on control through rules and regulations.[37] 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.[38]

Critical reflection

'Despite the frequent criticisms of bureaucratic structures, it is difficult to envisage how large-scale organisations, especially within the public sector, could function effectively without exhibiting at least some of the features of a bureaucracy. Demands for alternative forms of structure are unrealistic.'

How would you attempt to justify the benefits of bureaucratic structures?

STRUCTURALISM

Sometimes Weber's work is associated with the ideas of writers such as Karl Marx under the sub-heading of the **structuralism** approach, which is a synthesis of the classical (or formal) school and the human relations (or informal) school.[39] A major line of thought was that the earlier approaches were incomplete and lacked adequate theoretical assumptions and background. The structuralism approach provides a radical perspective of social and organisational behaviour.[40] Greater attention should be given to the relationship between the formal and informal aspects of the organisation, and the study of conflict between the needs of the individual and the organisation, and between workers and management. Structuralism is sometimes associated as part of a broader human relations approach, which is discussed below.

THE HUMAN RELATIONS APPROACH

The main emphasis of the classical writers was on structure and the formal organisation, but during the 1920s, the years of the Great Depression, 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 Hawthorne experiments

The turning point in the development of the human relations movement ('behavioural' and 'informal' are alternative headings sometimes given to this approach) came with the famous experiments at the Hawthorne plant of the Western Electric Company near Chicago, America (1924–32) and the subsequent publication of the research findings.[41] Among the people who wrote about the Hawthorne experiments 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 to which Mayo was actually involved in conducting the experiments and his exact contribution to the human relations movement.[42]

There were four main phases to the Hawthorne experiments:

■ the illumination experiments;
■ the relay assembly test room;
■ the interviewing programme;
■ the bank wiring observation room.

The 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. The workers were divided into two groups, an experimental group and a control group. The 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 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.

The relay assembly test room

In the relay assembly test room the 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. The researchers selected two assemblers who were friends with each other. They then chose three other assemblers and a layout operator. The experiment was divided into 13 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 of the experiment. 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. The researchers formed the conclusion that the extra attention given to the workers, and the apparent interest in them shown by management, were the main reasons for the higher productivity. This has become famous as the 'Hawthorne Effect'.

The 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, the interviewers approached their task with a set of prepared questions, relating mainly to how the workers felt about their jobs. However, this method produced only limited information. The workers regarded a number of the questions as irrelevant; also they

wanted to talk about issues other than just supervision and immediate working conditions. 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, the interviewers found out far more about the 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.[43]

The bank wiring observation room

Another experiment involved the observation of a group of 14 men working in the bank wiring room. It was noted that the men formed their own informal organisation with sub-groups or cliques, and with 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 are discussed in Chapter 6.

EVALUATION OF THE HUMAN RELATIONS APPROACH

The human relations approach has been subjected to severe criticism. The Hawthorne experiments have been criticised, 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.[44]

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 experiments, including the possible implications of the 'sex power differential' between the two groups. In the relay assembly room where output increased, the group was all female, while in the bank wiring room where output was restricted, the group was all male. The workers in the relay assembly test room were all young unmarried women. All except one were living at home with traditional families of immigrant background. In the work environment of the factory the 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.[45]

Importance of the Hawthorne experiments

Whatever the interpretation of the results of the Hawthorne experiments, they did generate new ideas concerning the importance of work groups and leadership, communications, output restrictions, motivation and job design. They placed emphasis on the importance of personnel management and gave impetus to the work of the human relations writers. The Hawthorne experiments undoubtedly marked a significant step forward in providing further insight into human behaviour at work and the development of management thinking. The Hawthorne experiments are regarded as one of the most important of all social science investigations and are recognised as probably the single most important foundation of the human relations approach to management and the development of organisational behaviour.

In a review of humane approaches to management, *Crainer* asserts: 'The Hawthorne Studies were important because they showed that views of how managers behaved were a vital aspect of motivation and improved performance. Also, the research revealed the importance of informal work groups.'[46]

Humanisation of the work organisation

Whereas supporters of the classical approach sought to increase production by rationalisation of the work organisation, the human relations movement has led to ideas on increasing production by humanising the work organisation. The classical approach adopted more of a managerial perspective, while the human relations approach strove for a greater understanding of people's psychological and social needs at work as well as improving the process of management. It is usually regarded as the first major approach to organisation and management to show concern for industrial sociology.

The human relations approach 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. Their view of the organisation determines their approach to work and the extent of their motivation to work well or otherwise.

Human relations writers demonstrated that people go to work to satisfy a complexity of needs and not simply for monetary reward. They emphasised the importance of the wider social needs of individuals and gave recognition to the work organisation as a social organisation and the importance of the group, and group values and norms, in influencing individual behaviour at work. It has been commented that the classical school was concerned about 'organisations without people' and the human relations school about 'people without organisations'.

> ### *Critical reflection*
>
> 'The human relations approach to organisations and management makes all the right sounds with an emphasis on humane behaviour, considerate management and recognition of the informal organisation. However, it is more about what people would like to believe and lacks credibility and substance.'
>
> *To what extent do the criticisms and shortcomings of the human relations approach detract from its potential benefits?*

NEO-HUMAN RELATIONS

Certainly there were shortcomings in the human relations approach and assumptions which evolved from such studies as the Hawthorne experiments 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, the results of the Hawthorne experiments and the subsequent attention given to the social organisation and to theories of individual motivation gave rise to the work of those writers 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. This group of writers is often (and more correctly) categorised separately under the heading of '**neo-human relations**'. The works of these writers are also examined in Chapter 5 and Chapter 8 but are summarised broadly here.

The work of Maslow

A major impetus for the neo-human relations approach was the work of *Maslow* who, in 1943, put forward a theoretical framework of individual personality development and motivation based on a hierarchy of human needs.[47] The hierarchy ranges through five levels from, at the lowest level, physiological needs, through safety needs, love needs and esteem needs, to the need for self-actualisation at the highest level. Individuals advance up the hierarchy only as each lower-level need is satisfied. Although Maslow did not originally intend this need hierarchy to be applied necessarily to the work situation it has, nevertheless, had a significant impact on management approaches to motivation and the design of work organisation to meet individual needs. The work of Maslow provides a link with the earlier human relations approach.

Some leading contributors

Among the best-known contributors to the neo-human relations approach are *Herzberg* and *McGregor*. Herzberg isolated two different sets of factors affecting motivation and satisfaction at work. One set of factors comprises those which, if absent, cause dissatisfaction. These are 'hygiene' or 'maintenance' factors which are concerned basically with job environment. However, to motivate workers to give of their best, proper attention must be given to a different set of factors, the 'motivators' or 'growth' factors. These are concerned with job content.[48]

McGregor argued that the style of management adopted is a function of the manager's attitudes towards human nature and behaviour at work. He put forward two suppositions called Theory X and Theory Y which are based on popular assumptions about work and people.[49]

Other major contributors to the neo-human relations approach are *Likert*, whose work includes research into different systems of management;[50] *McClelland*, with ideas on achievement motivation;[51] and *Argyris*, who considered the effects of the formal organisation on the individual and psychological growth in the process of self-actualisation.[52] Argyris' major contributions include his work on organisational learning and on effective leadership.[53]

The neo-human relations approach has generated a large amount of writing and research not only from original propounders, but also from others seeking to establish the validity, or otherwise, of their ideas. This has led to continuing attention being given to such matters as organisation structuring, group dynamics, job satisfaction, communication and participation, leadership styles and motivation. It has also led to greater attention to the importance of interpersonal interactions, the causes of conflict and recognition of 'employee relations' problems.

THE SYSTEMS APPROACH

More recently, attention has been focused on the analysis of organisations as 'systems' with a number of interrelated sub-systems. The classical approach emphasised the technical requirements of the organisation and its needs – 'organisations without people'; the human

relations approaches emphasised the psychological and social aspects, and the consideration of human needs – 'people without organisations'.

The **systems approach** attempts to reconcile these two earlier approaches and the work of the formal and the informal writers. Attention is focused on the total work organisation and the interrelationships of structure and behaviour, and the range of variables within the organisation. This approach can be contrasted with a view of the organisation as separate parts. The systems approach encourages managers to view the organisation both as a whole and as part of a larger environment. The idea is that any part of an organisation's activities affects all other parts.

Systems theory

Systems theory is not new and has been used in the natural and physical sciences for a number of years. One of the founders of this approach was the biologist *Ludwig von Bertalanffy* who used the term 'systems theory' in an article published in 1951 and who is generally credited with having developed the outline of General Systems Theory.[54] The systems approach to organisation has arisen, at least in part, therefore, from the work of biologists, and *Miller and Rice* have likened the commercial and industrial organisation to the biological organism.[55]

Using a General Systems Theory (GST) approach, *Boulding* classified nine levels of systems of increasing complexity according to the state of development and knowledge about each level.[56] Organisations are complex social systems and are more open to change than lower-level simple dynamic or cybernetic systems. Boulding felt there were large gaps in both theoretical and empirical knowledge of the human level and the social organisations level of systems, although some progress has now been made with recent theories of organisational behaviour.

The business organisation as an open system

The business organisation is an open system. There is continual interaction with the broader external environment of which it is part. The systems approach views the organisation within its total environment and emphasises the importance of multiple channels of interaction. 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 systems approach views the organisation as a whole and involves the study of the organisation in terms of the relationship between technical and social variables within the system. Changes in one part, technical or social, will affect other parts and thus the whole system.

Longwall coal-mining study

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.[57] The increasing use of mechanisation and the introduction of coal-cutters and mechanical conveyors 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. However, the new method meant a change in the previous system of working where a small, self-selecting group of miners worked together, as an independent team, on one part of the coalface – the 'single place' or 'shortwall' method.

Technological change had brought about changes in the social groupings of the miners. It disrupted the integration of small groups and the 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 'longwall' method was socially disruptive and did not prove as economically efficient as it could have been with the new technology.

The 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, the 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

The concept of the organisation as a '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. The **socio-technical system** is concerned with the interactions between the psychological and social factors and the needs and demands of the human part of the organisation, and its structural and technological requirements.

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.[58]

Technology determinism

The concept of socio-technical systems provides a link between the systems approach and a sub-division, sometimes adopted – the **technology approach**. Writers under the technology heading attempt to restrict generalisations about organisations and management 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);[59] *Sayles* (relationship between technology and the nature of work groups);[60] and *Blauner* (problems of 'alienation' in relation to different work technologies).[61]

THE 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, which can be seen as an extension of the systems 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.

A summary of management theory and some links with other chapters is set out in Figure 2.3.

Figure 2.3 Concept map of management theory

MANAGEMENT THEORY

SCIENTIFIC MANAGEMENT

'In any large organisation there is a large group of people who are lazy, undisciplined, need incentives, have irrational feelings and a smaller group who are self disciplined, and rationally motivated so organisations must be controlled on SCIENTIFIC lines by centralising authority and separate planning from doing.' F. W. Taylor, 1903

STAFF MOTIVATION

- TAYLOR Scientific management
- McGREGOR Theory X and Theory Y

THEORY X AND THEORY Y

Managerial style depends upon the manager's theory about man's motivation to work

THEORY X MANAGERS SAY:

Most people are lazy
- unable to discipline themselves
- unambitious
- unable to control their work
They prize security and shirk responsibility so they must have external incentives and be told what to do

THEORY Y MANAGERS SAY:

All people
- find work natural
- accept self-discipline
- like commitment
So they can only realise their full potential if they are allowed to use their imagination and creativity

LEADERSHIP STYLE

STYLE	ADVANTAGES	DISADVANTAGES
Autocratic	They know where you are going	Derides initiatives
Bureaucratic	Consistency	Inhibits initiatives
Charismatic	Belief in him or her	Obedience needs no logic
Democratic	Develops the individual	Can be slow and indecisive
Laissez-faire	Frees people	Least control

HAWTHORNE EXPERIMENT

* 'In organisations where change is made the nature of the change can have very much less effect than the way in which the change is made.'

MECHANISTIC OR ORGANIC?

- The degree of rigidity or participation required in an organisation is controlled by:
  - size
  - level of technological change
  - degree of market change
  - preferred style of management

TYPES OF ORGANISATION BURNS AND STALKER

- Mechanistic or organic?
- Principles of organisation
- Span of control

SPAN OF CONTROL

- The number of persons who can be controlled by one person is dependent upon:
  - Complexity of the work
  - Degree of responsibility
  - Ability of the person
  - Ability of the staff
  - Facility for communication

NEEDS OF AN ORGANISATION

- TRIST Socio-technical system
- MAYO Hawthorne experiment

SOCIO-TECHNICAL SYSTEM

* Any change in an organisation must be planned in sympathy with
  - its technical system
  - its social system
  - the economic climate

TYPES OF SOCIAL SYSTEM

- Organisation:
  - paternal, military, or informal
- People consider their expectations, intelligence, knowledge, level of commitment, ability to feed back, etc.
- Leader considers the needs for acceptability, predictability and control

PRINCIPLES OF ORGANISATION:

- The relationships between people in the organisation must be understood:
  - Direct responsibilities
  - Functional responsibilities
  - Lateral relationship
  - Staff relationships

Source: Copyright © 2008 The Virtual Learning Materials Workshop. Reproduced with permission.

OTHER APPROACHES TO THE STUDY OF ORGANISATIONS

The four-fold framework of classical, human relations, systems and contingency approaches provides a helpful, although rather simplistic, categorisation. The study of organisations, their structure and management is a broad field of inquiry. Depending on the views and preferences of the writer, other possible main approaches include decision-making and social action.

THE DECISION-MAKING APPROACH

The systems approach involves the isolation of those functions most directly concerned with the achievement of objectives and the identification of main decision areas or sub-systems. 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. Recognition of the need for decision-making and the attainment of goals draws attention to a sub-division of the systems approach, or a separate category, that of the **decision-making (decision theory) approach**. Here the focus of attention is on managerial decision-making and how organisations process and use information in making decisions.

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. 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 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 that people's ability to communicate, and their commitment and contribution to the achievement of a common purpose, were necessary for the existence of a co-operative system.[62] These ideas were developed further by Simon. He sees management as meaning decision-making and his concern is with how decisions are made and how decision-making can be 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.[63]

Economic models of decision-making, based on the assumption of rational behaviour in choosing from known alternatives in order to maximise objectives, can be contrasted 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.[64]

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 their 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.'[65]

Criticisms of earlier approaches

A main thrust of social action is the criticism of earlier approaches to organisation and management and of what is claimed to be their failure to provide a satisfactory basis for the explanation or prediction of individual behaviour. For example, criticism is directed at approaches which focused on the goals and needs of the organisation rather than on considerations of the effectiveness of an organisation in meeting the needs of its individual members.

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 technology 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. The systems approach has been criticised for failure to examine the orientation of individual members to the organisation, the different expectations people have of their work or ways in which the environment influences expectations of work.

Unitary or pluralistic view

Important contributors to a social action approach include *Goldthorpe* (industrial attitudes and behaviour patterns of manual workers)[66] 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 'unitary' approach and a 'pluralistic' approach.[67]

With the unitary approach the organisation is viewed as a team with a common source of loyalty, one focus of effort and one accepted leader. The pluralistic approach views the organisation as made up of competing sub-groups with their own loyalties, goals and leaders. These competing sub-groups are almost certain to come into conflict.

Action theory

A theory of human behaviour from an 'action approach' is presented by *Bowey*.[68] She suggests that 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. Bowey goes on to present such a theory as a particular form of an action theory approach. According to Bowey, action theory is not capable of dealing with the analysis of the behaviour of a large number of people in organisations. Her theory is based, therefore, on three essential principles of action theory, augmented by four additional concepts taken from systems theory.

The three essential principles of action theory can be summarised as below:

- 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.

Bowey suggests that these three principles apply mainly to explanations of individual, or small-scale, behaviour. She gives four additional concepts, taken from systems theory, 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.
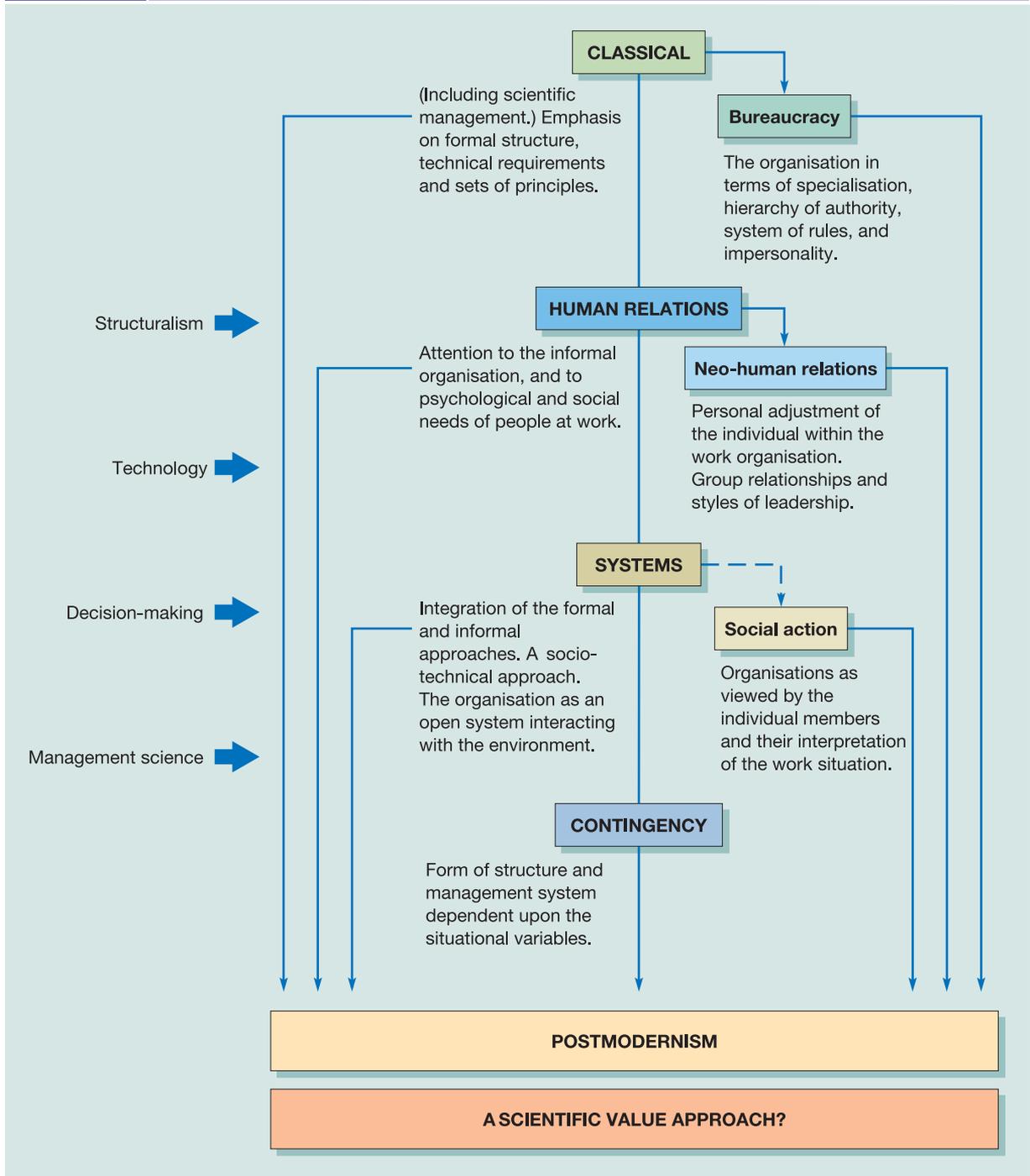
A NUMBER OF APPROACHES

We can now see that within the broad four-fold classification of classical, human relations, systems and contingency approaches it is possible to identify a number of other approaches or at least sub-divisions of approaches, although there is no consensus on the categorisation of these different approaches or on the identification of the various contributors to one particular approach. So far we have established a possible nine-fold classification: classical (including scientific management); bureaucracy; human relations; neo-human relations; systems; technology; contingency; decision-making; and social action – and if structuralism is included, we have a ten-fold classification. This classification could be extended still further. For example, another more recent categorisation sometimes identified as a separate approach is management science – with emphasis on quantitative analysis, mathematical models, operational research and computer technology (*see* Figure 2.4).

POSTMODERNISM

The work of contemporary writers discussed above together with the achievements of practitioners such as Alfred P. Sloan Jr (1875–1966, Chief Executive and Honorary Chairman of General Motors) gave rise to the so-called 'modern organisation'.[69] With the development of the information and technological age a more recent view of organisations and management is the idea of **postmodernism**. 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.[70]

Postmodernism rejects a rational systems approach to our understanding of organisations and management and to accepted explanations of society and behaviour. Highly flexible, free-flowing and fluid structures with the ability to change quickly to meet present demands form the basis of the new organisation. For example, *Watson* suggests that the modernism inherent in the systems-control approach to understanding work organisations and their

Figure 2.4	An outline of developments of approaches to organisation and management

CLASSICAL

(Including scientific management.) Emphasis on formal structure, technical requirements and sets of principles.

Bureaucracy

The organisation in terms of specialisation, hierarchy of authority, system of rules, and impersonality.

Structuralism ➡

HUMAN RELATIONS

Attention to the informal organisation, and to psychological and social needs of people at work.

Neo-human relations

Personal adjustment of the individual within the work organisation. Group relationships and styles of leadership.

Technology ➡

SYSTEMS

Decision-making ➡

Integration of the formal and informal approaches. A socio-technical approach. The organisation as an open system interacting with the environment.

Social action

Organisations as viewed by the individual members and their interpretation of the work situation.

Management science ➡

CONTINGENCY

Form of structure and management system dependent upon the situational variables.

POSTMODERNISM

A SCIENTIFIC VALUE APPROACH?

management is naïve and unrealistic. The possibility of any kind of complete and coherent body of management knowledge has increasingly been brought into question.

To enable us to move toward a more realistic or pragmatically reasonable way of 'framing' work organisation and its management, a shift has first to be made in our deeper assumptions about the social world. These are the modernist assumptions which inevitably underpin the whole edifice of work organisation and management thinking.[71]

By contrast, postmodernism places greater attention on the use of language and attempts to portray a particular set of assumptions or versions of the 'truth'. Watson defines postmodernism as:

A way of looking at the world that rejects attempts to build systematic (or 'foundationalist') explanations of history and society and which, instead, concentrates on the ways in which human beings 'invent' their words, especially through the use of language or 'discourse'.[72]

A generalised sociological concept

The idea of postmodernism is, however, not easy to explain fully in clear and simple terms. It is arguably more of a generalised sociological concept rather than a specific approach to organisation and management. There is even some discussion of two connotations, and theories or philosophies of the concept depending on whether the term is hyphenated or not.[73] Perhaps understandably, therefore, the concept of postmodernism appears to have little interest or appeal to the practical manager.

Indeed 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.

There is no postmodern or post-bureaucratic organisational form available to us that is essentially different from the modernist bureaucratic organisation. We are indeed seeing different mixes of direct and indirect management control attempts as the world changes. But the world was always changing. Probably from the very beginning of industrialisation there has been a mixing of direct and indirect controls with emphases in one direction and then the other being made at different times.[74]

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 management and organisational behaviour.

Critical reflection

'The idea of postmodernist organisation can be likened to the "Emperor's new clothes". In reality it is too theoretical and too vague, and lacks any real adaptive value for the practical manager.'

How would you attempt to challenge this assertion? What is your own opinion of postmodernism?

RELEVANCE TO MANAGEMENT AND ORGANISATIONAL BEHAVIOUR

The different possible categorisations are not necessarily a bad thing; they illustrate the discursive and complex nature of management. The possible sub-divisions and cross-groupings help illustrate the many factors relevant to the study and practice of management and organisational behaviour. Discussion on the various categorisations of approaches and the identification of individual writers within a particular approach can provide a useful insight into the subject.

Positive advantages

Whatever form of categorisation is adopted, the division of writers on organisation and management into various approaches offers a number of positive advantages.

- It is helpful to students in the arrangement and study of their material.
- It provides a setting in which to view the field of management and to consider the contribution of individual writers.
- It traces the major lines of argument developed by writers seeking to advise practising managers on how they might improve performance.
- It provides a framework in which the principles enunciated can be set and against which comparisons with management practice can be made.
- It 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?
- It enables the manager to take from the different approaches those ideas which best suit the particular requirements of the job. For example, in dealing with a problem of structure, the ideas of the classical writers or of contingency theory might be adopted. When there is a problem relating to human resource management, ideas from the human relations movement might be of most value. If the problem is one of environmental influence, insights from the systems approach might prove most helpful. For problems of a more quantitative nature, ideas from the decision-making approach or from management science might be applicable.

Caveats to be noted

There are, however, a number of important caveats that should be noted.

- The various approaches represent a progression of ideas, each building on from the other and adding to it. Together they provide a pattern of complementary studies into the development of management thinking. The different approaches are not in competition with each other and no one approach should be viewed as if it were the only approach, replacing or superseding earlier contributions. Many ideas of earlier writers are still of relevance today and of continuing importance in modern management practice.
- Any categorisation of individual writers into specific approaches is inevitably somewhat arbitrary and not all writers can be neatly arranged in this manner. This is only to be expected. Such writers are expounding their current thoughts and ideas in keeping with the continual development of management theory and changes in management practice. The comment made about some management writers that they are saying different things at different times might therefore be taken more as a compliment than as a criticism.
- Even when there is agreement on the nature of the contribution from different writers, the actual division into varying approaches may take a number of forms. In other words, while there might be acceptance of the need for a framework, there is no agreement on its shape. Different authors have adopted different formats in which to set out the developments in management thinking.
- Some of the literature categorises management thinkers into divisions called 'schools'. The use of this term suggests a clarity of distinction between each division and a uniformity of beliefs within each division. This is perhaps an exaggeration. The distinction between these so-called schools is not clear-cut and there is not necessarily a consistency of thinking among the various contributors in each division. The term 'approaches' to management is more indicative of the obscure lines between the different categorisations and, paradoxically, it is the suggestion of vagueness that, arguably, makes it a more appropriate term to use.

Of course, management theories have often been the subject of discourse and criticism. Some critics see organisational 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!

Jacqueline McLean[75]

The importance of cultural contexts

A major criticism of the attempt to define generalised models of management theory is the assumption of national culture. In a review of management theory and practice, *Heller* contrasts British and American thinking with methods employed by the Japanese. In the 1960s, Western managements showed a total lack of curiosity about competition from Japan; British and European managers were still obsessed by the American example. The Japanese built hugely on what they had borrowed from the USA. However, the Japanese also practised and perfected what management scientists often only preached.[76]

Although British management has failed to live up to Japanese standards, professional standards among managers in Britain have improved greatly over the past 25 years. The potential of a widening Europe and the Japanese penchant for locating more plants in Britain provide the best reasons for brighter prospects.

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.[77]

Cheng et al. also question the universality of theories of management and 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.[78]

TOWARDS A SCIENTIFIC VALUE APPROACH?

It might arguably be that the study of organisations, their structure and management is moving towards a more scientific approach. Management science can assist managers in the analysis of complex problems that are subject to quantitative constraints and in the optimisation of decisions in such problems. It may also assist in the establishment of broad theory.

It is obvious from even a cursory glance at the history of management science that science and technology are considered to be key instruments in solving workplace problems and in controlling workplaces . . . While Taylorist scientific management may have its academic critics, management science is thriving. It is itself a large business, providing employment for management consultants whose sole concern is solving workplace problems of other corporations.[79]

Balance between philosophy and science

Miner, however, suggests that although the degree of commitment to the scientific value system is increasing, as yet there is insufficient research to move the field entirely into science, completely divorced from philosophy. At present management theory is clearly in the 'schools' phase. As discussed earlier, it is possible to argue over the use of the term 'schools'. However, whatever terminology is used, and whatever the state of our knowledge, the message from Miner is clear:

. . . schools of management thought are very much a reality, and the management student who approaches the field without at least a minimal understanding of them does so at some risk.[80]

Whatever the moves towards a more scientific approach, many operational problems in organisations relate to the nature of human behaviour and the people–organisation relationship and do not lend themselves to the application of a scientific answer. For example, according to *Handy*:

If there were such a thing as Management Science, presumably there would be scientific laws and rules. I was to be grievously disappointed. I read endless hypotheses that tried to explain why people and organisations behaved the way they did but no proof . . . Managing a business, or any organisation, I came to see was more practical art than applied science.[81]

BENEFITS TO THE MANAGER

Whatever the balance between philosophy and science, a knowledge and understanding of management theory will help with the complexities of management in modern work organisations.

According to *Crainer*, management is active, not theoretical. But management is nothing without ideas.

Ideas drive management as surely as the immediate problems which land on managers' desks or which arrive via their email. Decisions have to be based on ideas, as well as instinct. Without ideas managers flit desperately from crisis to crisis. They cannot know where they are going, why they are doing something or what they will achieve, without the fuel of ideas.[82]

Crainer also suggests that as one idea after another fails to translate into sustainable practice, there is a growing disillusionment with the pedlars of managerial wisdom.

Yet, the desire for instant solutions which tackle all managerial problems in one fell swoop remains strong . . . Amid the hard sell, the quick fixes and organisational placebos, it is true to say that there is little that's original. But, without gurus, managers would lose a rich source of inspiration, information and controversy.[83]

Reporting on a 12-year study of the knowledge and use of management concepts in technical organisations, *Flores and Utley* suggest that a look back at the theories and principles that have been taught in the past could give an indication of the success of any new approach and help prepare today's and tomorrow's managers for the future.[84] And *Stern* has this to say:

Management thinkers still have a lot to tell us. You don't have to believe everything they say, but they may at least offer stimulation; they might provoke senior managers into abandoning complacency and trying to see problems in a new light.[85]

There is undoubtedly much scepticism about, and criticism of, management gurus. For example, in a cynical and provocative feature in *The Times*, *Billen* suggests that the tide is turning against the gurus and their gobbledegook.

In the past two decades, management theory, once rejected in Britain by both management and unions, has been deliberately imposed on almost every aspect of commercial and public life . . . It would be a brave new world without such gobbledegook in it but – to use a management theorist's phrase – an empowered one, too. Managers would be chosen not for their ability to bandy jargon with their superiors but for their empathy, pragmatism, experience and decisiveness with their staff.[86]

Whatever the value of management theory, clearly no single approach to organisation and management provides all the answers. It is the comparative study of different approaches which will yield benefits to the manager. There is, of course, no shortage of new ideas on organisational behaviour and management thinking. To what extent, however, do these ideas lead to improved organisational performance? *Ghoshal* et al. suggest that:

There is much truth in the saying that every living practitioner is prisoner to the ideas of a dead theorist. Immunized by their daily confrontation with the 'real world' corporate managers typically exhibit a healthy distrust of theory that has, in general, served them well.[87]

There are no definitive or final solutions to the problems of organisations. The nature of work organisations and the environment in which they operate is becoming increasingly complex and subject to continual change. However, at least we do understand more about the dynamics of management and organisational behaviour as a basis for the analysis of human behaviour in organisations.[88] *Stern* suggests that 'Management is both science and art, and the trick of it lies in separating the good ideas from the bad, knowing when to be scientific and when to be artful.'[89]

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

Critical reflection

'The historical study of different approaches to organisation and management and the development of organisation theory have no practical relevance for today's managers. It is really no more than a luxury for students and the time could be spent better on the study of more important topic areas.'

How would you present a counter argument?

SYNOPSIS

■ The study of organisational behaviour has to proceed on a broad front. A central part of this study is the development of management thinking and what might be termed management theory.

■ In order to help identify main trends in organisational behaviour, it is usual to categorise the work of leading writers into various 'approaches' based on their views of organisations, their structure and management. This provides a simplistic framework on which to direct study and focus attention.

■ The classical writers placed emphasis on purpose and structure, and on the assumption of rational and logical behaviour. The human relations writers emphasised the importance of the informal organisation and the psychological and social needs of people at work.

■ The systems approach focuses attention on the interactions between technical and social variables, and interaction with the external environment. Contingency theory highlights possible means of differentiating between alternative forms of structures and systems of management.

■ This four-fold categorisation provides a useful starting point for the identification of main trends in

the development of management thinking. Within this framework, however, it is possible to identify a number of other approaches or sub-divisions of approaches.

■ A more recent view is the idea of postmodernism that rejects a rational systems approach to our understanding of organisations and management. Postmodernism is arguably more of a generalised sociological concept rather than a specific approach to organisation and management.

■ Whatever form of categorisation is adopted, the division of writers on organisation and management into various approaches offers a number of advantages. There are, however, a number of caveats that should also be noted, including the significance of cultural contexts.

■ Whatever the balance between philosophy and science, a knowledge of theory will help with the complexities of management in modern work organisations. Ideas are as important to management decisions as is instinct. It is necessary to view the interrelationships among the development of theory, behaviour in organisations and management practice.

REVIEW AND DISCUSSION QUESTIONS

1 Assess critically the relevance of scientific management to present-day organisations. Illustrate your answer with reference to your own organisation.

2 To what extent is there anything positive to be said for bureaucratic structures? Select a large-scale organisation of your choice and suggest ways in which it displays characteristics of a bureaucracy.

3 What are the main conclusions that can be drawn from the Hawthorne experiments? Discuss critically the relevance of these experiments for management and organisational behaviour today.

4 Summarise the main features of the neo-human relations approach to organisation and management. How does it differ from other approaches?

5 Evaluate the application of the systems approach to the analysis of work organisations. Suggest an example of a work situation in which the systems approach might be appropriate.

6 Contrast approaches to improving organisational performance based on attention to technical and structural requirements with those based on concern for psychological and social factors.

7 Explain what is meant by a social action approach. Assess critically the practical relevance of 'action theory'.

8 Identify, and outline briefly, major trends in management theory since the beginning of this century. Debate critically the extent to which the ideas of management gurus have any practical relevance or benefits for managers.

MANAGEMENT IN THE NEWS

The story of the middleman

FT

Stefan Stern

Reports of the death of middle management were not merely exaggerated, they were wrong. Yes, organisations have de-layered. Yes, the current 'white-collar' recession is having a big impact on the middle tier of professionals within businesses. But middle managers have not been abolished. They are still here, hard at work.

That is one reason that the book *The Truth About Middle Managers* by Paul Osterman is welcome. It attempts to take a serious look at the reality of middle management. The author has made a sincere attempt to shed more light on this under-analysed cadre of managers. Sincere but also, regrettably, flawed. The author defines his terms clearly enough. 'Senior management makes the decisions that set the organisation's course, whereas middle management interprets and executes those decisions,' he writes. Based on his research, Osterman tests some of the common assumptions made about middle managers.

It is not true, he argues, that middle managers are sinking into a pit of despair as their numbers fall and job insecurity rises. In fact, in the US at any rate, there are more managers than ever. They are 'less secure, but more in demand'. Nor is it true, Osterman asserts, that middle managers are alienated from their work and have little commitment to what they do. 'Middle managers are the glue that holds organisations together,' he writes.

> Middle managers very much enjoy what they do and have what I term a strong craft commitment to their work. But it is also true they have lost their loyalty to their firm. As organisations have divested themselves of managerial levels, core managerial responsibilities have been pushed down to middle management. Middle managers are now the negotiators between different interests and are making key decisions about trade-offs.

That is certainly true, as is his other observation,

> In the past the nature of the firm was stable, whereas today it is constantly being reshaped. The continuous organisational turmoil that ensues creates an environment that seems chaotic and out of control from the perspective of middle management.

So why has he come up with some relatively sunny conclusions?

A key part of the research for this book involved in-depth interviews with 50 middle managers from two separate organisations, a bank and a high-tech company. But these interviews were conducted in 2004 and 2005. How were your prospects back then? A lot better than today, we can assume. Second, who were these managers? Osterman explains: 'The middle managers were chosen randomly from a list provided by the human resources staff in each organisation.' Did HR allow any malcontents, whingers and otherwise less-than-upbeat people to be interviewed? It seems unlikely. So we must be sceptical – insecurity is real, not imagined, and disillusionment is widespread. As one of his witnesses said, even then, 'I think if you asked people if they had a choice today whether they'd take a job or take the [redundancy] package, you'd get a fair number of people whose hands would be raised for the package – mine included.'

Source: Stern, S. 'The Story of the Middleman', *Financial Times*, 25 February 2009. Copyright © 2009 The Financial Times Limited, reproduced with permission.

Discussion questions

1 This article describes some research into management and organisational behaviour. Explain which of the approaches to organisational behaviour outlined in the chapter you think Osterman takes, and why.

2 What does the article tell us about the problems associated with researching organisational behaviour? How can such problems be minimised or avoided?

ASSIGNMENT

a Answer each question 'mostly agree' or 'mostly disagree'. Assume that you are trying to learn something about yourself. Do not assume that your answer will be shown to a prospective employer.

	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 £30,000 per year as a vice-president in a small company to £40,000 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.	☐	☐
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.	☐	☐

Assignment – continued

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.

b You should then consider and discuss the further information supplied by your tutor.

CASE STUDY

Dell Computers: the world at your fingertips

Breaking the Mould

The growth of the home personal computer (PC) market is one of the most remarkable success stories of the last quarter century. If you own a home PC or an electronic notebook and you live in the United States, then there is a one in three possibility that it is a Dell. Whilst Dell has a smaller proportion of the pc market outside the USA, there remains a strong possibility that your new PC was assembled in Limerick, Penang or Xiamen. Any of these is a very long way from the campus dormitory at the University of Texas at Austin where Michael Dell began to build and sell computers directly to customers in 1984.

Then, the majority of domestic customers bought ready-made products from retailers. The distribution channel for the industry usually contained five components; Supplier (of components, chips, software etc.), Manufacturer, Distributor, Retailer and Customer. Michael Dell's idea was to sell direct, and at the same time allow customers to have a PC partly tailored to their personal requirements by choosing options from a list of components and specifications which he would then assemble to order.[90] The opportunity to develop this new approach into a successful business was made possible by better and faster software which enabled the phone-based ordering system to run effectively. Whilst Dell supplied both business and individual customers, it was in the home PC market that the approach had particular success. Each computer was assembled to order, with components purchased from suppliers as they were required, so Dell was able to identify and

Michael Dell transformed a business run from his bedroom at university to one of the leading companies in the IT market.

Source: Rex Features

respond to customer preferences and industry trends very quickly.

While this approach to the manufacture of consumer goods is by no means unique (the 'lean manufacturing' approach is widely used in the car industry for example), Dell was able to make it work more successfully than its competitors. The basic business model transferred readily to the internet, where the process of 'mass customisation' can be managed even more effectively on-line.[91] Dell's growth at the turn of the century took it worldwide, and it was placed first in a ranking of the 'Most Admired Companies' by *Fortune* magazine in February 2005.[92]

The brand image which helped put Dell at the top of Fortune's list in 2005 depended very heavily on its ability to pull together both its own efforts and those of other organisations i.e. component manufacturers, transport and logistics organisations, delivery companies etc. to put together a package which offered both reliability and value for money. But the IT business is both highly competitive and a dizzyingly fast-moving environment; and the area where the Dell operation proved most vulnerable was that of customer service and technical support. In the more traditional world of retail outlets, customers were able to discuss purchases, and return faulty equipment or seek support at a store. Such a network of customer support was absent from the Dell model. Initially, Dell outsourced customer support, but as expectations about after sales service rose, its call centres lagged behind these expectations resulting in some very public criticism[93] not least of which was in the form of a long running critical blog by dissatisfied customer and journalist Jeff Jarvis.[94] Dell also found itself competing directly with the very companies it had side-stepped in the 1990s; Hewlett-Packard, Lenovo and even Sony. These organisations were not only able to provide high quality, reliable products, but also had much stronger customer service support. This revealed a strategic weakness in Dell's operation and forced it to raise its game not only in terms of the computing power it delivers, but also in terms of its after sales service. So, Dell brought its technical support centres back in house, and launched its own blog[95] as a means of capturing and responding to customer complaints.

Dell is keen to balance business performance with responsible operations; the overall general philosophy is described by the company as 'The Soul of Dell'[96] and the Code of Conduct reflects is ambitions to:

> *. . . conduct business the Dell Way – the right way, which is 'Winning with Integrity'. Simply put, we want all members of our team, along with our shareholders, customers, suppliers and other stakeholders, to understand that they can believe what we say and trust what we do.*[97]

Feedback from the workforce as well as customers is clearly critical to the success of Dell, and the workforce is encouraged to get involved in the process through its 'Tell Dell' system.

> *There is change happening all across Dell, creating a revolution in how we interact and drive for business results. Processes are changing, attitudes are shifting, objectives are being aligned, careers are being enhanced and people are listening. Closely. At the core of it is Tell Dell.*
>
> *The Tell Dell survey program has been continually refined over the past several years from being a good informational instrument to its current use as a critical analytic and diagnostic tool for making Dell a better place to work and a stronger company. Part of the Winning Culture philosophy is to engage directly with our employees, the way we do with our customers. As managers at Dell, it is critical that we support our Winning Culture by working to deliver an unbeatable employee experience each and every day.*
>
> Ro Parra and Joe Marengi,
> Senior Vice Presidents of Americas.[98]

While the product might be great value, it is the staff who will ultimately make or break Dell's fortunes.

Your tasks

1 Analyse the organisational choices that Dell has made using two of the main analytical models in the chapter. Which approach do you think is more appropriate and why?

2 What are the main organisational challenges which Dell faces in order to 'conduct business the Dell Way?' What are the implications for line managers and supervisors of creating a corporate culture based on the Dell Way?

Notes and references

1 McGregor, D. *The Human Side of Enterprise*, Penguin (1987), p. 6.

2 Miner, J. B. *Theories of Organizational Behaviour*, Dryden Press (1980).

3 See, for example, Mullins, L. J. 'Approaches to Management', *Management Accounting*, vol. 57, no. 4, April 1979, pp. 15–18, and Mullins, L. J. 'Some Further Approaches to Management Theory', *Management Accounting*, vol. 58, no. 3, March 1980, pp. 30–3.

4 See, for example, George, C. S. *The History of Management Thought*, second edition, Prentice Hall (1972).

5 Shafritz, J. M. *Shakespeare on Management*, Carol Publishing Group (1992), p. xi.

6 For a review of management thinking see, for example, Sheldrake, J. *Management Theory: From Taylorism to Japanization*, International Thomson Business Press (1996). See also Flores, G. N. and Utley, D. R. 'Management Concepts in Use – a 12-Year Perspective', *Engineering Management Journal*, vol. 12, no. 3, September 2000, pp. 11–17.

7 Skipton, M. D. 'Management and the Organisation', *Management Research News*, vol. 5, no. 3, 1983, pp. 9–15.

8 Fayol, H. *General and Industrial Management*, Pitman (1949). See also Gray, I. *Henri Fayol's General and Industrial Management*, Pitman (1988).

9 Urwick, L. *Notes on the Theory of Organization*, American Management Association (1952).

10 Mooney, J. D. and Reiley, A. C. *The Principles of Organization*, Harper and Bros (1939); revised by Mooney, J. D., Harper & Row (1947).

11 Brech, E. F. L. *Organisation: The Framework of Management*, second edition, Longman (1965).

12 Simon, H. A. *Administrative Behaviour*, third edition, Free Press (1976), p. xxii.

13 Woodward, J. *Industrial Organization: Theory and Practice*, second edition, Oxford University Press (1980).

14 Taylor, F. W. *Scientific Management*, Harper & Row (1947). Comprises 'Shop Management' (1903), 'Principles of Scientific Management' (1911) and Taylor's testimony to the House of Representatives' Special Committee (1912).

15 Braverman, H. *Labor and Monopoly Capital*, Monthly Review Press (1974).

16 For a study of employers' labour relations policies, including comments on the work of Braverman, see Gospel, H. F. and Littler, C. R. (eds) *Managerial Strategies and Industrial Relations*, Heinemann Educational Books (1983).

17 Cloke, K. and Goldsmith, J. *The End of Management and the Rise of Organizational Democracy*, Jossey-Bass (2002), p. 27.

18 Rose, M. *Industrial Behaviour*, Penguin (1978), p. 31. See also Rose, M. *Industrial Behaviour*, second edition, Penguin (1988), ch. 2.

19 Drucker, P. F. 'The Coming Rediscovery of Scientific Management', *The Conference Board Record*, vol. 13, June 1976, pp. 23–7; reprinted in Drucker, P. F. *Towards the Next Economics and Other Essays*, Heinemann (1981).

20 Locke, E. A. 'The Ideas of Frederick W. Taylor: An Evaluation', *Academy of Management Review*, vol. 7, no. 1, January 1982, pp. 14–24.

21 For a discussion on 'Fordism', see, for example, Fincham, R. and Rhodes, P. S. *The Individual, Work and Organization*, second edition, Weidenfeld & Nicolson (1992).

22 Hamel, G. *The Future of Management*, Harvard Business School Press (2007), p. 13.

23 Crainer, S. and Dearlove, D. *Financial Times Handbook of Management*, second edition, Financial Times Prentice Hall (2001).

24 Stern, S. 'Guru Guide', *Management Today*, October 2001, pp. 83–4.

25 Weber, M. *The Theory of Social and Economic Organization*, Collier Macmillan (1964).

26 Blau, P. M. and Scott, W. R. *Formal Organizations*, Routledge & Kegan Paul (1966).

27 Stewart, R. *The Reality of Management*, third edition, Butterworth-Heinemann (1999).

28 Argyris, C. *Integrating the Individual and the Organization*, John Wiley & Sons (1964).

29 Caulkin, S. 'Faceless Corridors of Power', *Management Today*, January 1988, p. 65.

30 Peters, T. J. and Waterman, R. H. *In Search of Excellence*, Harper & Row (1982).

31 Tibballs, G. *Business Blunders*, Robinson Publishing (1999).

32 Cloke, K. and Goldsmith, J. *The End of Management and the Rise of Organizational Democracy*, Jossey-Bass (2002), pp. 92–4.

33 Ridderstrale, J. 'Business Moves Beyond Bureaucracy', in Pickford, J. (ed.) *Financial Times Mastering Management 2.0*, Financial Times Prentice Hall (2001), pp. 217–20.

34 Green, J. 'Is Bureaucracy Dead? Don't Be So Sure', *Chartered Secretary*, January 1997, pp. 18–19.

35 See, for example, Waller, P. 'Bureaucracy Takes New Form', *Professional Manager*, May 1998, p. 6.

36 See Mullins, L. J. *Hospitality Management and Organisational Behaviour*, fourth edition, Longman (2001).

37 Stewart, R. *The Reality of Management*, third edition, Butterworth-Heinemann (1999).

38 See, for example, Wilson, F. A. *Organizational Behaviour: A Critical Introduction*, Oxford University Press (1999).

39 For example, see Etzioni, A. *Modern Organizations*, Prentice Hall (1964), p. 41.

40 See, for example, Aktouf, O. 'Management and Theories of Organizations in the 1990s: Towards a Critical Radical Humanism?', *Academy of Management Review*, vol. 17, no. 3, 1992, pp. 407–31.

41 There are many versions of the Hawthorne experiments. Among the most thorough accounts is Roethlisberger, F. J. and Dickson, W. J. *Management and the Worker*, Harvard University Press (1939). See also Landsberger, H. A. *Hawthorne Revisited*, Cornell University Press, (1958).

42 See, for example, Rose, M. *Industrial Behaviour*, second edition, Penguin (1988).

43 See, for example, Buggy, C. 'Are You Really Listening?', *Professional Manager*, July 2000, pp. 20–2.

44 Silverman, D. *The Theory of Organisations*, Heinemann (1970).

45 Stead, B. A. *Women in Management*, Prentice Hall (1978), p. 190.

46 Crainer, S. *Key Management Ideas: Thinkers That Changed the Management World*, third edition, Financial Times Prentice Hall (1998), p. 111.

47 Maslow, A. H. 'A Theory of Human Motivation', *Psychological Review*, vol. 50, no. 4, July 1943, pp. 370–96.

48 Herzberg, F. W., Mausner, B. and Snyderman, B. B. *The Motivation to Work*, second edition, Chapman & Hall (1959).

49 McGregor, D. *The Human Side of Enterprise*, Penguin (1987).

50 Likert, R. *New Patterns of Management*, McGraw-Hill (1961). See also Likert, R. *The Human Organization*, McGraw-Hill (1967); Likert, R. and Likert, J. G. *New Ways of Managing Conflict*, McGraw-Hill (1976).

51 McClelland, D. C. *Human Motivation*, Cambridge University Press (1988).

52 Argyris, C. *Understanding Organizational Behavior*, Tavistock Publications (1960) and *Integrating the Individual and the Organization*, Wiley (1964).

53 See, for example, Caulkin, S. 'Chris Argyris', *Management Today*, October 1997, pp. 58–9.

54 Bertalanffy, L. von 'Problems of General Systems Theory: A New Approach to the Unity of Science', *Human Biology*, vol. 23, no. 4, December 1951, pp. 302–12.

55 Miller, E. J. and Rice, A. K. *Systems of Organization*, Tavistock Publications (1967).

56 Boulding, K. 'General Systems Theory – The Skeleton of Science', *Management Science*, vol. 2, no. 3, April 1956, pp. 197–208.

57 Trist, E. L., Higgin, G. W., Murray, H. and Pollock, A. B. *Organizational Choice*, Tavistock Publications (1963).

58 Lane, T., Snow, D.. and Labrow, P. 'Learning to Succeed with ICT', *British Journal of Administrative Management*, May/June 2000, pp. 14–15.

59 Walker, C. R. and Guest, R. H. *The Man on the Assembly Line*, Harvard University Press (1952). See also Walker, C. R., Guest, R. H. and Turner, A. N. *The Foreman on the Assembly Line*, Harvard University Press (1956).

60 Sayles, L. R. *Behaviour of Industrial Work Groups*, Wiley (1958).

61 Blauner, R. *Alienation and Freedom*, University of Chicago Press (1964).

62 Barnard, C. *The Functions of the Executive*, Oxford University Press (1938).

63 Simon, H. A. *The New Science of Management Decision*, revised edition, Prentice Hall (1977).

64 Cyert, R. M. and March, J. G. *A Behavioural Theory of the Firm*, second edition, Blackwell (1992).

65 Silverman, D. *The Theory of Organisations*, Heinemann (1970), p. 147.

66 Goldthorpe, J. H., Lockwood, D., Bechhofer, F. and Platt, J. *The Affluent Worker*, Cambridge University Press (1968).

67 Fox, A. *Industrial Sociology and Industrial Relations*, HMSO (1966).

68 Bowey, A. M. *The Sociology of Organisations*, Hodder & Stoughton (1976).

69 For further information see Crainer, S. *Key Management Ideas: Thinkers That Changed the Management World*, third edition, Financial Times Prentice Hall (1998).

70 Clegg, S. R. *Modern Organizations: Organization Studies in the Postmodern World*, Sage (1990).

71 Watson, T. J. *Organising and Managing Work*, Financial Times Prentice Hall (2002), p. 51.

72 Ibid., p. 50.

73 See, for example, Legge, K. *Human Resource Management: Rhetorics and Realities*, Macmillan Business (1995).

74 Watson, T. J. *Organising and Managing Work*, Financial Times Prentice Hall (2002), p. 254.

75 McLean, J. 'Management Techniques and Theories', *Manager, The British Journal of Administrative Management*, August/September 2005, p. 17.

76 Heller, R. 'The Change Managers', *Management Today: 25th Anniversary Issue*, 1991, pp. 12–16.

77 Schneider, S. C. and Barsoux, J. *Managing Across Cultures*, second edition, Financial Times Prentice Hall (2003).

78 Cheng, T., Sculli, D. and Chan, F. 'Relationship Dominance – Rethinking Management Theories from the Perspective of Methodological Relationalism', *Journal of Managerial Psychology*, vol. 16, no. 2, 2001, pp. 97–105.

79 Bradley, H., Erickson, M., Stephenson, C. and Williams, S. *Myths at Work*, Polity Press (2000), pp. 96–7.

80 Miner, J. B. *Management Theory*, Macmillan (1971), p. 145. See also Miner, J. B. *Theories of Organizational Behaviour*, Holt, Rinehart & Winston (1980), ch. 1.

81 Handy, C. *Myself and Other More Important Matters*, William Heinemann (2006), p. 61.

82 Crainer, S. *Key Management Ideas: Thinkers That Changed the Management World*, third edition, Financial Times Prentice Hall (1998), p. xi.

83 Crainer, S. 'The Rise of Guru Scepticism', *Management Today*, March 1997, pp. 48–52.

84 Flores, G. N. and Utley, D. R. 'Management Concepts in Use – a 12-year Perspective', *Engineering Management Journal*, vol. 12, no. 3, September 2000, pp. 11–17.

85 Stern, S. 'Guru Guide', *Management Today*, October 2001, p. 87.

86 Billen, A. 'Goodbye to Glib Gurus and Their Gobbledegook', *The Times*, 9 March 2009.

87 Ghoshal, S., Barlett, C. A. and Moran, P. 'Value Creation: The New Millennium Management Manifesto', in Chowdhury, S. (ed.) *Management 21C*, Financial Times Prentice Hall (2000), p. 122.

88 See, for example, Klein, S. M. and Ritti, R. R. *Understanding Organizational Behavior*, second edition, Kent Publishing (1984), ch. 1.

89 Stern, S. 'The Next Big Thing', *Management Today*, April 2007, p. 50.

90 Kraemer, K. Dedrick, J. and Yamashiro, S. 2000 'Refining and Extending the Business Model with Information Technology: Dell Computer Corporation' in *The Information Society* vol. 16 pp. 5–21.

91 Visit any of the Dell direct order websites to see how this operates; in the UK the address is www.dell.co.uk. The corporate address with wider company information is at www.dell.com.

92 *Fortune Magazine*, 22 February 2005.

93 Lee, L. 2006 'Dell: Facing up to Past Mistakes' Business Week On-line, 19 June 2006 www.businesweek.com, accessed 28 July 2009.

94 Jeff Jarvis' blog is at www.buzzmachine.com.

95 Now called Direct2Dell and accessible via http://en.community.dell.com/.

96 'The Soul of Dell' can be found at the Dell website, accessed 28 July 2009.

97 Dell's 'Code of Conduct' also at the Dell website, accessed 28 July 2009.

98 'Tell Dell' is described in the recruitment pages of the Dell website, accessed 28 July 2009.

INTEGRATIVE CASE STUDY FOR PART 1

The *Sunday Times* 100 (Section 2)

So, what were the best British places to work according to the *Sunday Times* Survey, and what made them special?

Top of the 'Best 100' list came a social inclusion charity called 'P3' (people, potential, possibilities) which operates in the Midlands and London. It aims to help vulnerable and disadvantaged people, some with mental health problems, get back into jobs, housing or education. It provides direct services, such as schools and hostels for the homeless, but unlike many charities, P3 has a policy of actively recruiting people who have been its clients or who have used similar services in the past. In the view of the Chief Executive, this helps to keep the organisation client-focused and able to offer a better quality of support. The scores given by the 260+ staff for pride in the organisation, leadership and team spirit were all above 87 per cent; those for wellbeing, managerial relationships and personal growth were also in the upper 80s. Although it receives much of its income from government grants, trusts and donations, it clearly views itself as a social enterprise: a business which aims to trade for the benefit of people and the planet.

Nando's Restaurants won the Best 25 Big Companies category, with scores of over 70 per cent against all the criteria except one, that for 'Fair Deal' where they scored 61 per cent. The company has over 200 restaurants in the UK and employs more than 6,300 people, with plans to expand. It won the category at its first entry to the survey, beating professional service companies like Goldman Sachs, PricewaterhouseCoopers and American Express. Nando's main strength seems to be in the closeness of the restaurant teams, the highly supportive and friendly managerial relationships and the flexibility offered to staff. The HR Director also believes that a strong level of investment in training and development (an average of £425 per person per year) reinforces the company's relationship with its staff as well as enhancing skills.

The best public sector organisation was the Association of Chief Police Officers (ACPO) Criminal Records Office in Hampshire. It is described as a relatively youthful and entrepreneurial organisation, despite the fact that its work is essentially to do with record keeping and the exchange of relevant information (including fingerprint and DNA data) between police forces and other agencies within the UK. It also supplies police certificates to people who need them for residency applications to other countries such as Australia, Canada and America. If the work itself sounds bureaucratic, the staff seem to love the inspirational leadership of its boss, a Detective Superintendent, and are positive about the future of the organisation; it had the highest score in the public sector category for staff sense of wellbeing.

The final category was small/medium-sized enterprises (SMEs) and top of this list was an IT solutions company called Softcat. It is less than 10 years old, employs about 200 people (average age 29) and has a very unconventional approach to working life. The founder's passion for staff happiness filters down through the ranks, giving Softcat managers a staggering 92 per cent score. New recruits get to choose which team they join rather than being directed to a specific job, and there is a democratic ethos which gives staff a vote on a number of company-wide decisions. The team ethos is strong, and spills over into social life, all with a strong emphasis on fun.

Questions

1 The four organisations described are very different in nature. Which of the theoretical approaches to organisational behaviour described in the chapter seems most appropriate to the study of each of the four? Explain your reasoning.

2 In which of the four organisations would you prefer to be a manager, and in which would you least like to manage? Explain the factors behind your choice.