

DEPARTMENT OF COMMERCE

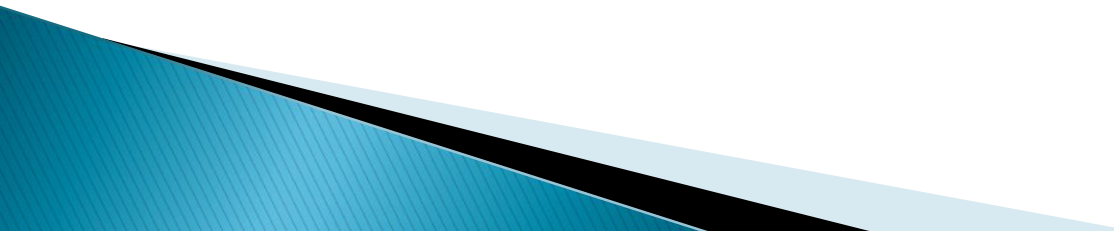
D. P. VIPRA COLLEGE

ORGANISATION BEHEVIOUR



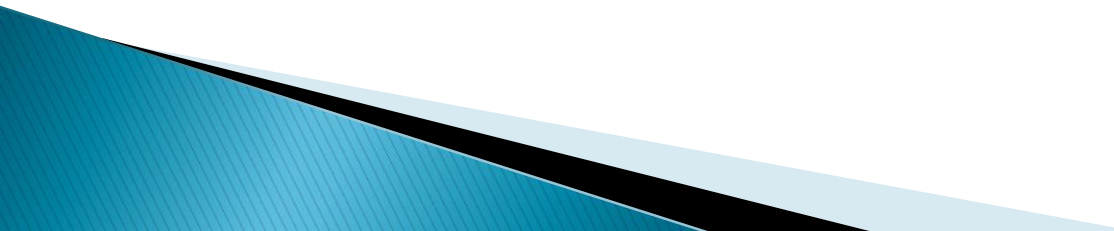
PROF. SARVESH DEEP

THEORIES OF ORGANISATION

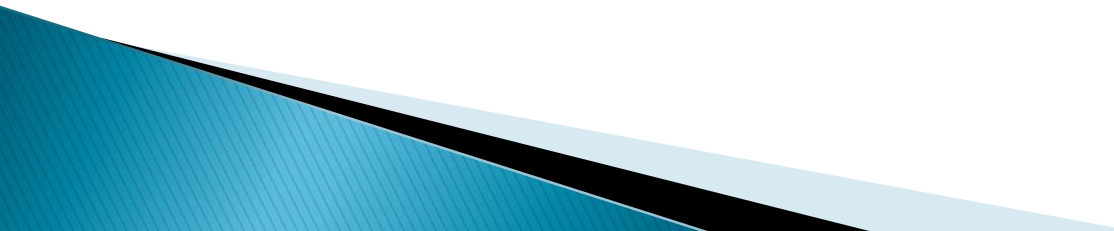
- ▶ Organisational theory consists of approaches to organisational analysis.
 - ▶ Organisations are defined as social units of people that are structured and managed to meet a need or to pursue collective goals.
 - ▶ Theories are categorised into three phases:
 - classical theories,
 - neo classical theories and
 - modern theories.
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CLASSICAL THEORIES

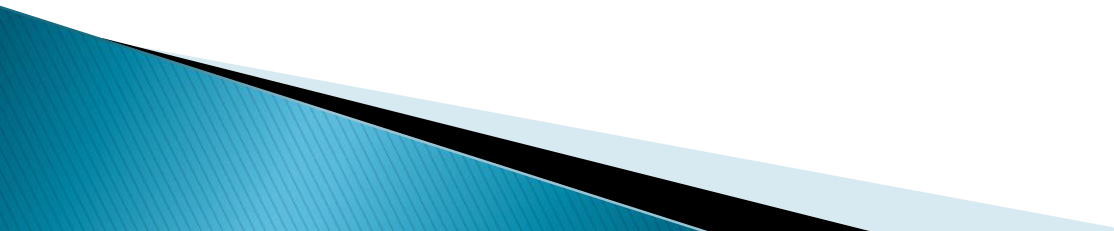
CLASSICAL THEORY

- ▶ The Classical Theory is the traditional theory, wherein more emphasis is on the organization rather than the employees working therein.
 - ▶ According to the classical theory, the organization is considered as a machine and the human beings as different components/parts of that machine.
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CHARACTERISTICS OF CLASSICAL THEORY

- ▶ It is built on an accounting model.
 - ▶ It lays emphasis on detecting errors and correcting them once they have been committed.
 - ▶ It is more concerned with the amount of output than the human beings.
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MAIN ELEMENTS OF CLASSICAL THEORY

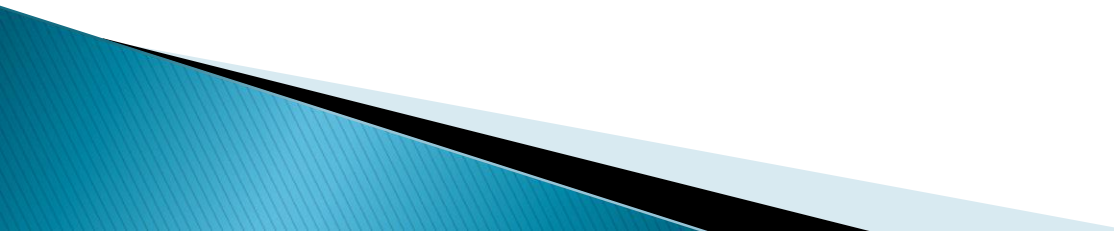
- ▶ Division of work
 - ▶ departmentalization
 - ▶ scalar and functional processes
 - ▶ structure
 - ▶ span of control
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LIMITATIONS OF CLASSICAL THEORY

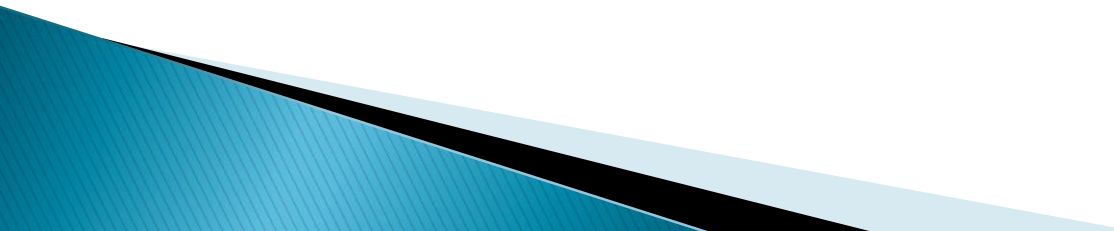
- The classical ignored the human relations aspects and undermines the role of human factor.
 - Classical viewed organisation as a closed system, i.e., having no interaction with external environment.
 - Economic rewards assumed as the main motivator of work force. They have ignored non-monetary factors.
 - The classical principles are based on managerial experiences and their limited observations. These are not empirical.
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- Classical approach is based on over-simplified assumptions. Its principles are ambiguous and contradictory.
- This school emphasized on strict adherence to rules and regulations. The scope for individual initiative is thus limited.

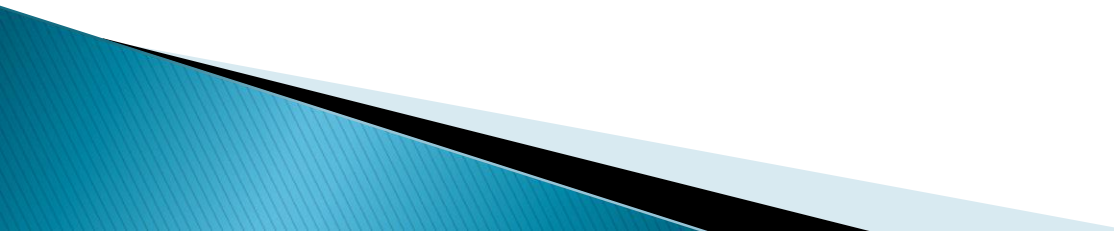
SCIENTIFIC MANAGEMENT

- ▶ **Scientific management** is a theory of management that analyzes and synthesized workflows.
 - ▶ Its main objective is improving economic efficiency, especially labour productive.
 - ▶ Its was one of the earliest attempts to apply science to the engineering of processes and to management.
 - ▶ Scientific management is sometimes knows as **Taylorism** after its founder, **Frederick Winslow Taylor**.
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TAYLOR'S PRINCIPAL OF SCIENTIFIC MANAGEMENT

- ❖ Separation of planning and doing
 - ❖ functional foremanship
 - ❖ Element of scientific management
 - ❖ Bilateral mental revolution
 - ❖ financial incentives
 - ❖ Economy
 - ❖ mechanism of management
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LIMITATIONS OF SCIENTIFIC MANAGEMENT

- It is based upon one best way and is applicable for simple organizations than that for today's dynamic and complex organization.
 - It focuses on individual performance than group efforts and divides the workers into efficient and inefficient categories.
 - It is focused on specialization and repetition of jobs to increase the productivity which reduces innovation and creativity and promotes monotony.
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- It neglects human factor because it motivates workers to work for monetary benefits rather than human resource development and resources.
- There is no scope for creativity of employees because they are developed by manager which promotes frustration.





MANAGEMENT PROCESS

- ▶ **Management process is a process of setting goals , planning and/or controlling the organizing and leading the execution of any type of activity.**
 - **Planning**, it determines the objectives, evaluate the different alternatives and choose the best
 - **Organizing**, define group's functions, establish relationships and defining authority and responsibility
 - **Staffing**, recruitment or placement and selection or training takes place for the development of members in the firm
 - **directing**, is to give the Direction to the employees.
 - **Controlling**. It controls the employees of the organisation.

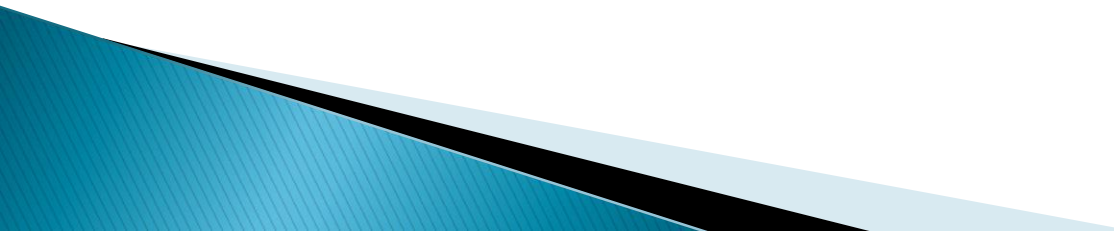
BUREAUCRATIC MODEL

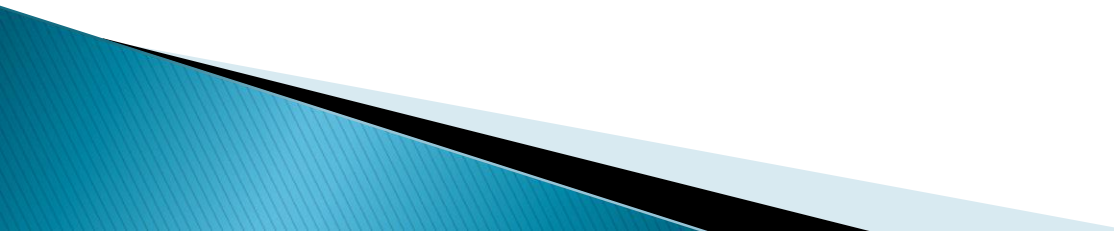
A **bureaucratic model** is a way of organizing people so there are clear reporting relationships from the top to the bottom of the organizational chart.

Max Webbers (1864-1920)

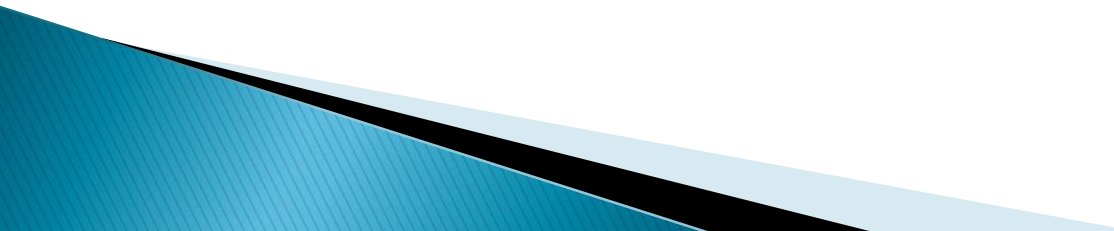
-  Task specialisation
-  Hierarchical of authority
-  Formal selection
-  Rules and requirements
-  Impersonal
-  Career orientation

ADVANTAGES OF BUREAUCRATIC MODEL

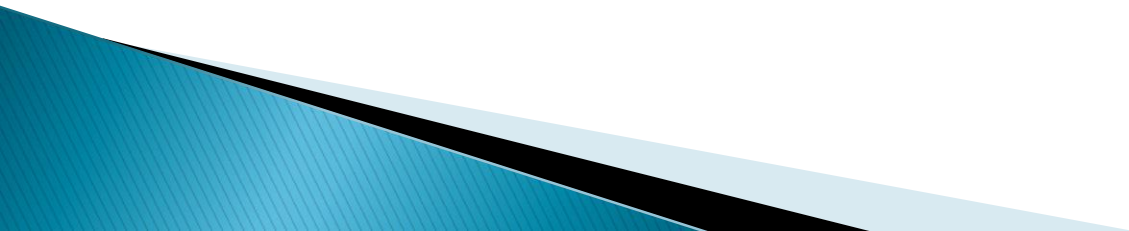
- ❑ The rules and procedures are decided for every work, it leads to consistency in employee behaviour. Since employees are bound to follow the rules etc., the management process becomes easy.
 - ❑ The duties and responsibilities of each job are clearly defined; there is no question of overlapping or conflicting job duties.
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- ❑ The selection process and promotion procedures are based on merit and expertise. It assists in putting right persons on right jobs. There is optimum utilisation of human resources.
 - ❑ The division of labour assists workers in becoming experts in their jobs. The performance of employees improves considerably.
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DISADVANTAGE OF BUREAUCRATIC MODEL

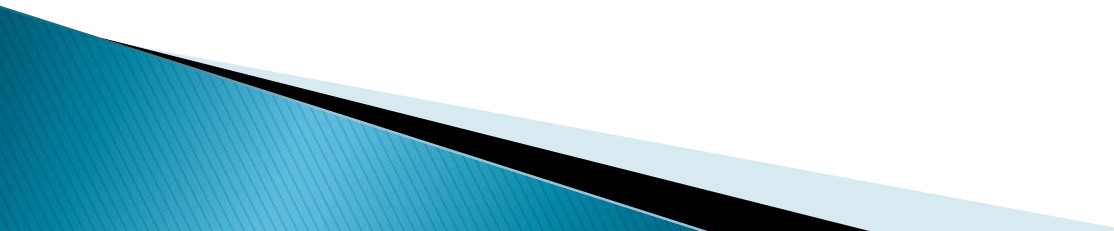
- ▶ This system suffers from too much of red tape and paper work.
 - ▶ The excessive reliance on rules and regulations and adherence to these policies inhibit initiative and growth of the employees. They are treated like machines and not like individuals. There is neglect of human factor.
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- ▶ The employees become so used to the system, they resist to any change and introduction of new techniques of operations.
- ▶ The employees do not develop belongingness to the organisation.




NEO CLASSICAL THEORIES

NEOCLASSICAL THEORY

- ❖ Neo classical theory emphasis on individual or group behavior and human relation in determining productivity.
 - ❖ It was founded by the Hawthore experiments done by Eilton Mavo , White Head and others which shows the social and psychological factors involved in the organisation.
 - ❖ The main feature of the neoclassical theory are individuals, work group and participatory management.
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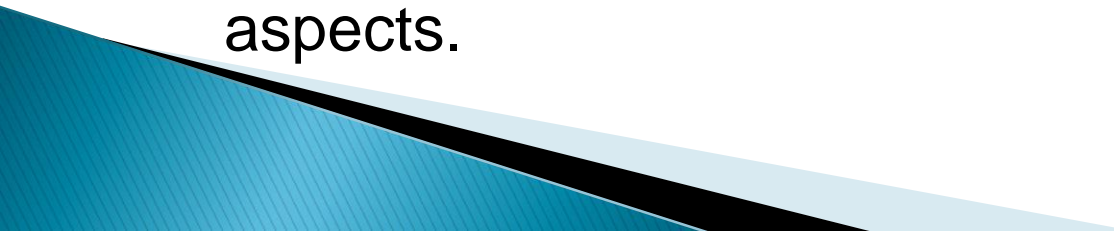
- ❖ This theory is child of classical theory & it is also known as human relation theory .
- ❖ It origin from classical theory which where modified by the behaviour patterns of people within the informal organisations.

FEATURES OF NEO-CLASSICAL THEORY

- ✓ It is a flat organisational structure is preferred wherein more numbers of subordinates will be reporting to a single superior.
 - ✓ Team-work is essential for higher productivity.
 - ✓ According to this theory formal and informal both are affected by each other. Informal organisations exist within the formal organisation.
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- ✓ Human being is independent and his behaviour can be predicted in terms of social factors at work.
- ✓ There is a conflict between organisational and individual goals often exists .There is need reconcile the goals of the individual with those of the organisation.

CRITICISMS OF NEO CLASSICAL THEORY

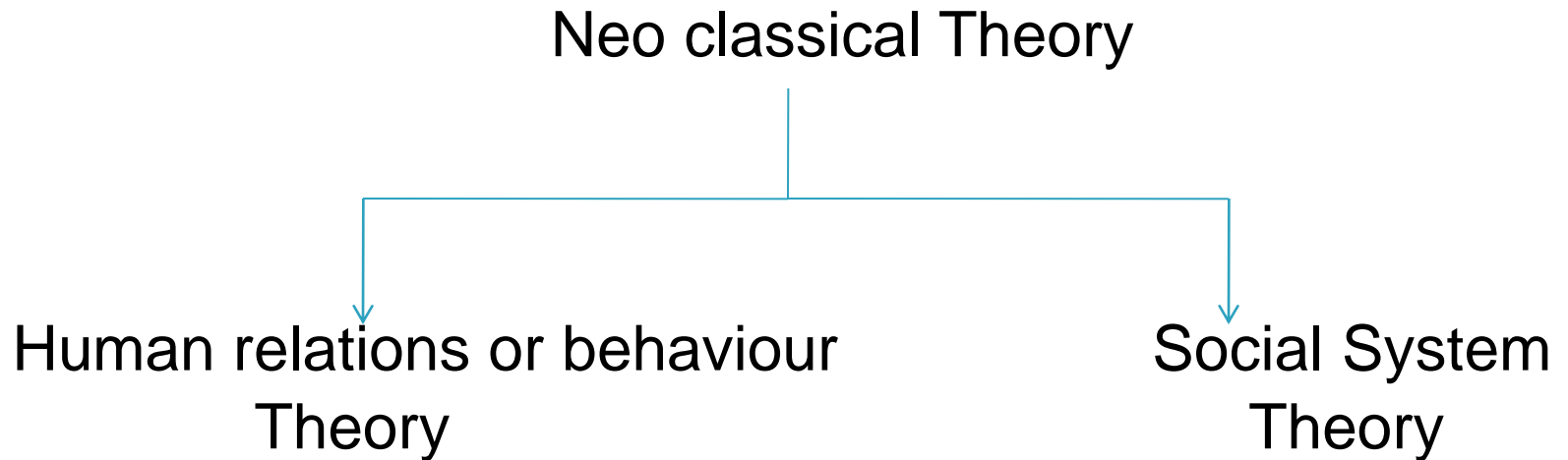
- This theory is based on some untrue assumptions such as the happy workers are always productive is not true etc.
 - This theory overlook certain environmental constraints which a manager cannot ignore.
 - It suggest certain modifications in the classical organisation theory so that this theory faces the same criticisms as the as the classical theory had.
 - It emphasizes much on human aspects and ignores other aspects.
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KEY DIFFERENCES BETWEEN THEM: HUMAN RELATIONS AND BEHAVIOURAL SCIENCE

- Human relations is involve with interpersonal relations where as behavioral sciences theory is related with group relations and human behaviour.
- Human relation theory is an employee oriented leadership where as behavioral sciences theory is participative leadership.
- human relations theory emphasis on the individual needs and behaviour where as behavioral sciences theory is stressed upon groups and group behaviour.

This theory come up with two theory are :

1. Human Relation or behaviour theory
2. Social system theory



HUMAN RELATIONS THEORY

Eton Mayn is recognized as the father of the human relations school.

- Organisation is a social system and the human factor is the most important element within it .
- Focus attention on human being .
- The real cause of human behavior is somewhat more the physiological variables.
- Systematic treatment of informal organisation .

BEHAVIORAL SCIENCE THEORY

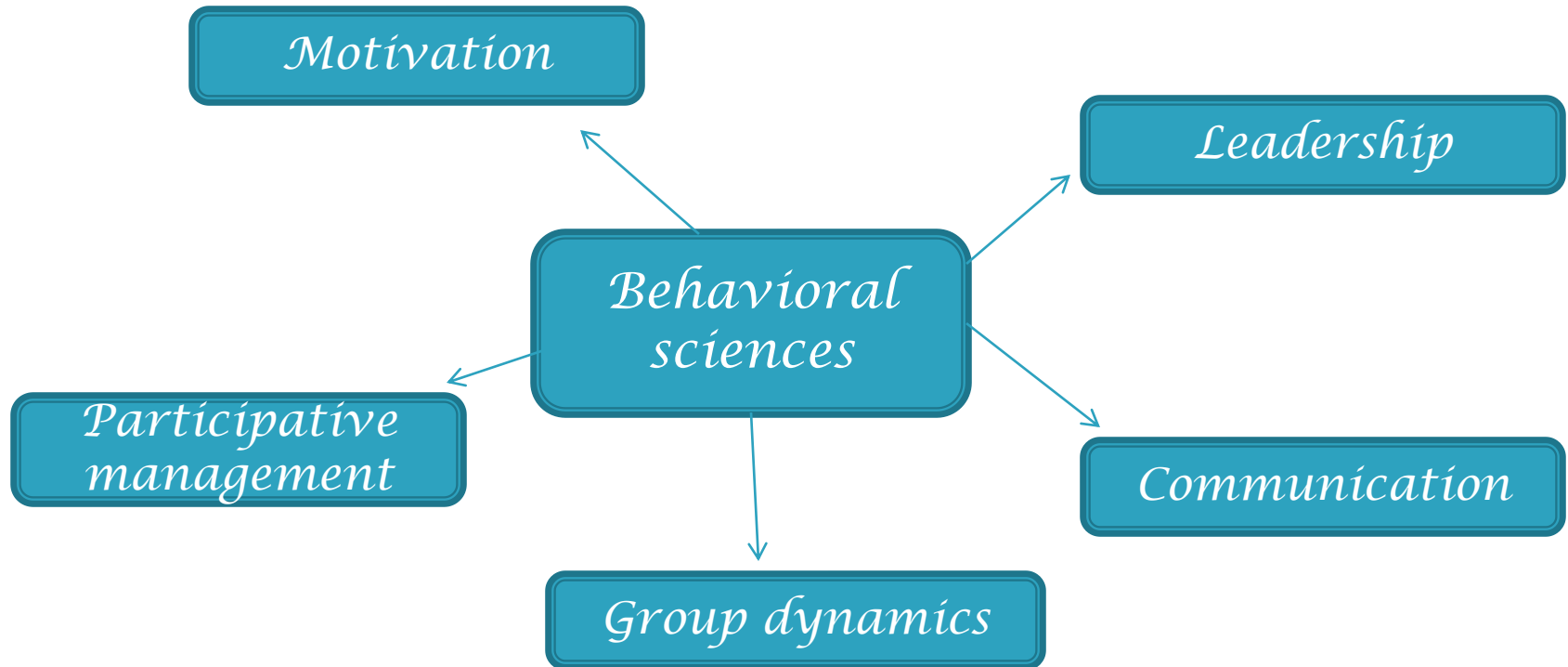
Behavioral science theory refined the human relation approach and has a wider scope.

- Knowledge drawn from behavioral sciences, namely, psychology, sociology and anthropology is applied to explain and predict human behaviour.
- Inter -disciplinary
- Normative as well as prescriptive.

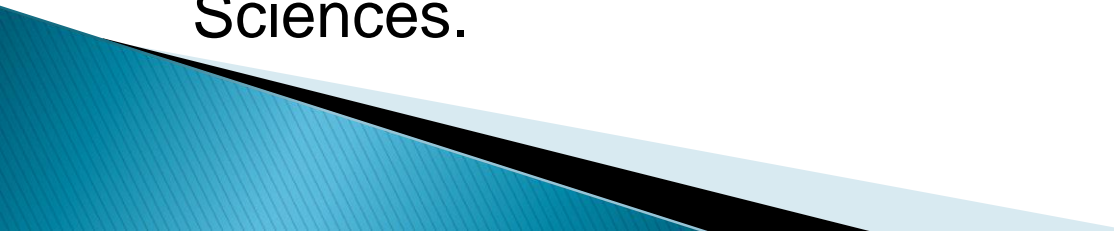
↓
cause & effect

↓
ways & means


This behavioral sciences theory talks about :



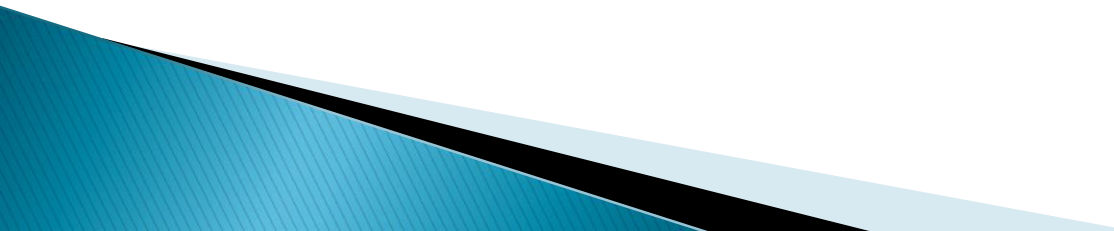
HAWTHORNE EXPERIMENT

- The hawthorne studies were conducted in order to find the role of human resource in increasing the production of an organisation .
 - It formed the basis of school of human relations.
 - Conducted between 1924 – 1932, at WESTERN ELECTRIC COMPANY , Chicago , USA by Elton Mayo, White Head and others.
 - The initial tests were sponsored by The National Research Council (NRC) of the National Academy of Sciences.
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MAIN FEATURE

- ▶ Management must study interpersonal relations among people.
 - ▶ Greater production and higher motivation can be achieved only through good relation.
 - ▶ Motivation , leadership , communication , participative management and group are core of this approach .
 - ▶ It provides an equal opportunity for expression and voice management.
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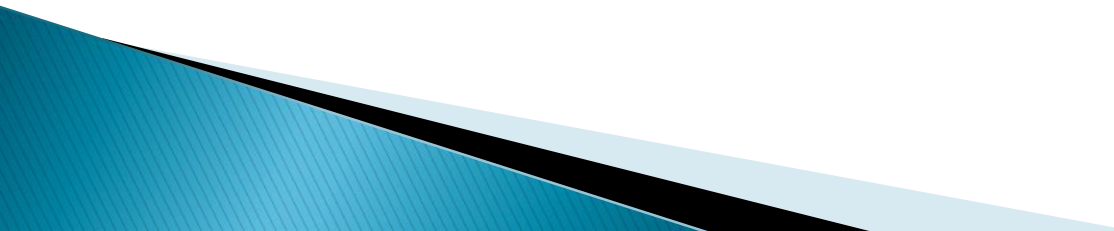
LIMITATIONS

- ❖ Lack validity – controlled setting
 - ❖ Experiment already known – really are biased
 - ❖ More focus on human aspects
 - ❖ More emphasis on group decision- making rather than individual decision making
 - ❖ Over importance to freedom of workers (no focus on supervisors and management)
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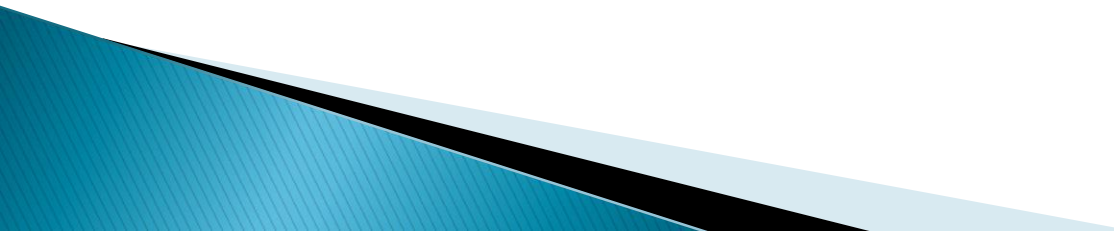
THE SOCIAL SYSTEM SCHOOL

Chester Bernard is regarded as the founding father of the social system school.

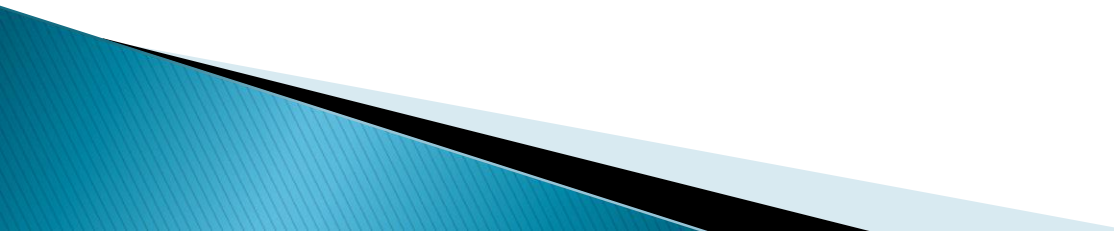
- ▶ Organisation as a cooperative system.
- ▶ According to Bernard , formal organisation is a cooperative system in which there are person.

- ▶ Able to communicate with each and are willing to contribute towards a common purpose .
 - ▶ So, organisation success depends on the manager's ability to obtain cooperation from organisational members.
 - ▶ Working and efficiency of social system.
 - ▶ Inter – relationship within the organisation .
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FEATURES

- ▶ Management is a social system of cultural relationship .
 - ▶ Relationships exist among the external as well as internal environment of the organisation.
 - ▶ Formal organisations represent cultural relationship of the social groups working within the organisation.
 - ▶ Cooperation and team spirit among the group member is necessary achievement of the organisation .
 - ▶ Management has direct efforts towards establishing harmony between the goals of the group and an organisation .
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LIMITATIONS

- ▶ This approach lays emphasis only on social relations but it does not consider physical aspects
 - ▶ Since , Management is a social science which is branch of other science like Mathematics, psychology, etc. So, it has limited concept.
 - ▶ Study of group behaviour is not only the aspect of the of the management.
 - ▶ People misuse the freedom of cooperation and communication provided to make harmonious relationship for achieving goals.
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MODERN THEORIES

MODERN THEORY

- ▶ Modern organisation theory is of recent origin, having developed in early 1960's.
- ▶ This theory has tried to overcome the drawbacks of earlier theories.
- ▶ Modern theories are based on the concept that the organization is an adaptive system which has to adjust to changes in its environment.
- ▶ Modern theories include the systems approach, the quantitative approach and the contingency or situational approach.



□ **Characteristics of modern approaches to the organization**

- ✓ Systems viewpoint
 - ✓ Dynamic process of interaction
 - ✓ Multilevelled and multidimensional
 - ✓ Multimotivated
 - ✓ Probabilistic
 - ✓ Multidisciplinary
 - ✓ Descriptive
 - ✓ Multivariable
 - ✓ Adaptive
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SYSTEM APPROACH

- ▶ The **systems approach** considers the organization as a system composed of a set of inter-related - and thus mutually dependent - sub-systems. Thus the organization consists of components, linking processes and goals .

- ▶ **COMPONENTS**

The individual

The formal and informal organization

Patterns of behaviour

Role perception

The physical environment



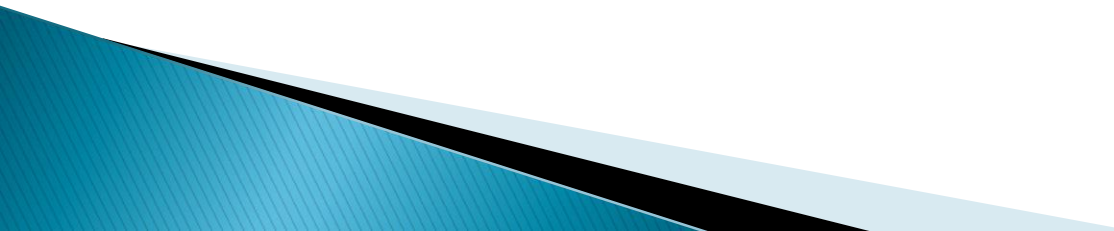
☐ **LINKING PROCESSES**

- ✓ Communication
- ✓ Balance
- ✓ Decision analysis

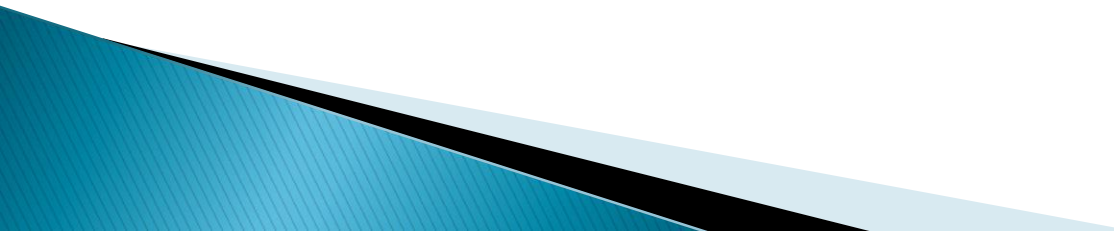
☐ **GOALS OF ORGANIZATION**

- ✓ Growth
 - ✓ Stability
 - ✓ Interaction
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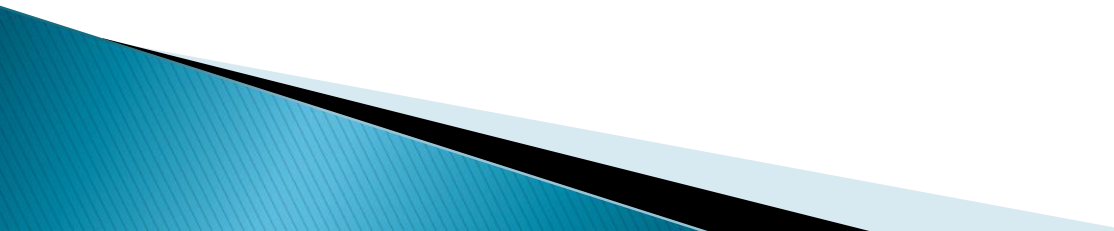
FEATURES

- ❖ A system consists of various sub-systems.
 - ❖ These sub-systems interact with each other.
 - ❖ Whole functioning of whole organism.
 - ❖ Feedback of the information.
 - ❖ Feedback is used to adjust operations.
 - ❖ Organisations boundary separates.
 - ❖ It determines which parts are internal and external.
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CONTRIBUTION OF SYSTEM THEORY

- Its base is analytical.
 - Organisation interacts with its external environment.
 - View of the organisation.
 - Inter-relations and interdependence of parts.
 - It considers organisation as open system.
 - It is dynamic and probabilistic.
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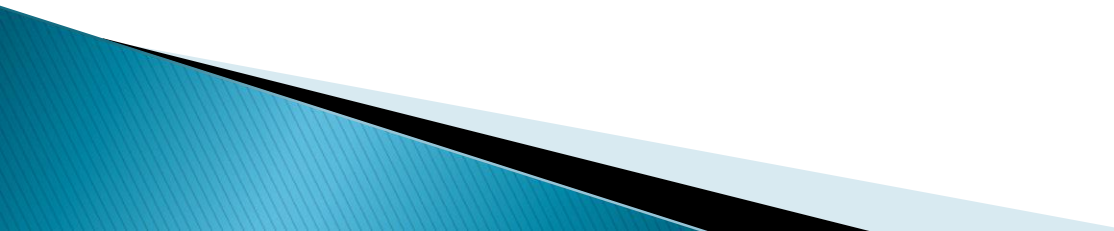
CRITICAL EVALUATION

- It is not single unified theory but drawn from vary theories like contingency system theory etc.
 - Same principles cannot be applied to all organisations.
 - Since it has been drawn from many theories, therefore it is not a modern theory.
 - It is multiple interaction.
 - It could not explain relationship between organisation and social system.
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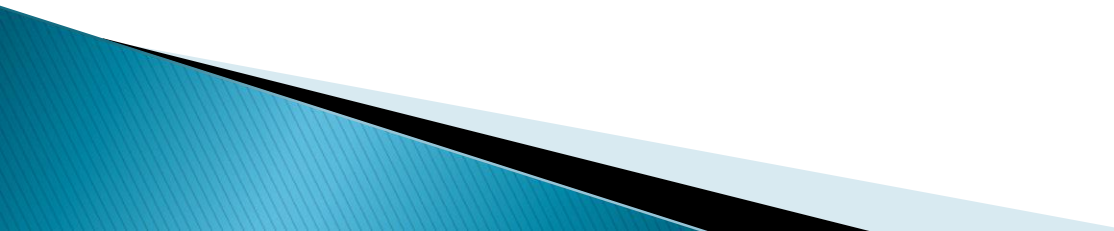
CONTINGENCY APPROACH

- ▶ The **contingency or situational approach** recognizes that organizational systems are inter-related with their environment .
- ▶ And that different environments require different organizational relationships for effective working of the organization.

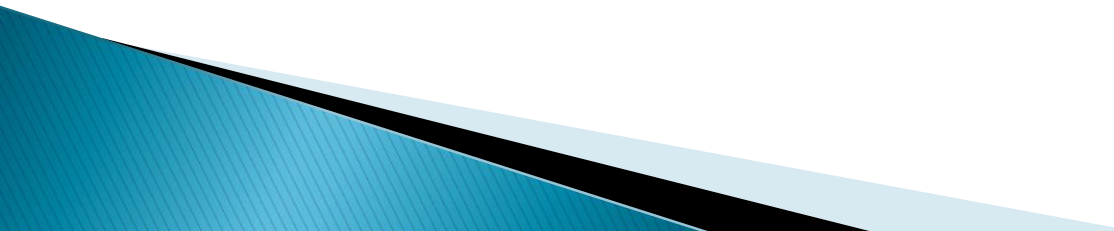
EVALUATION

- Management is totally dependent upon the situations and circumstances structure, communication etc.
 - Manager should study to find out the method or decisions that fits in the situation as no decision is all time applicable.
 - It is a problem solving and suggesting theory.
 - There is a link between theory and practise.
 - It has wide application.
 - It has conceptual framework.
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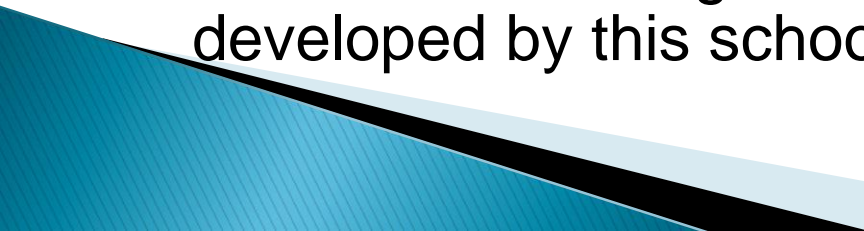
LIMITATIONS

- ❑ It has innumerable variables which makes it complicated.
 - ❑ It is reactive and not pro-active.
 - ❑ It lacks theoretical base.
 - ❑ It is not possible for a manager to know all the alternative course of action, before taking action.
 - ❑ It cannot be tested by observation and experience as it fully depends upon the situation.
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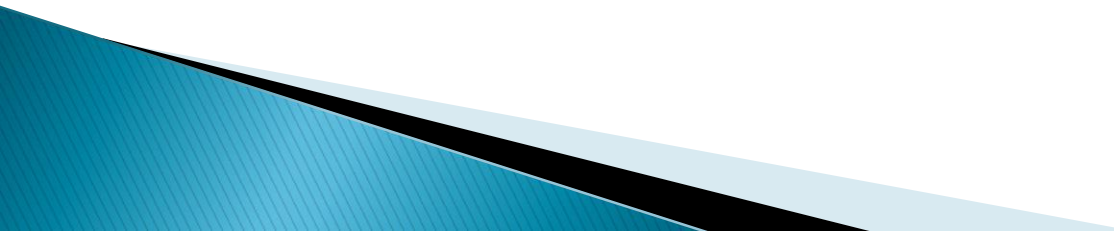
QUANTITATIVE APPROACH

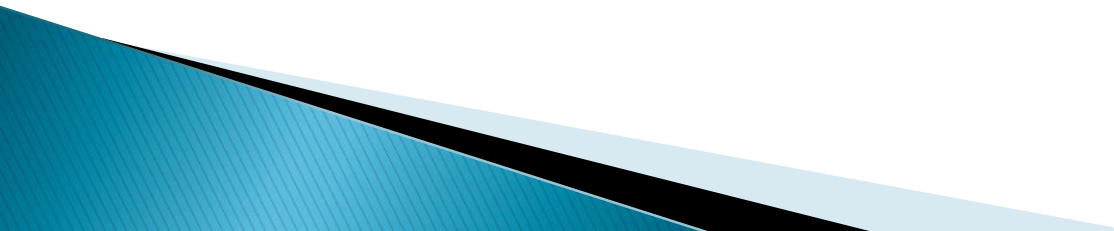
- Management= decision making ; organization= decision unit.
 - Organizational efficiency depends upon the quality of managerial decisions.
 - A problem is expressed in the form of a quantitative or mathematical model.
 - The different variables in management can be quantified and expressed in the form of an equation.
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FEATURES

- ▶ Management is concerned with problem solving and it must take use of mathematical tools and techniques for the purpose.
 - ▶ The different factors involved in management can be quantified and expressed in the form of models.
 - ▶ Management problems can be described in mathematical symbols.
 - ▶ Operational research, mathematical tools, simulation and model building are the basic methodologies developed by this school of thought.
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USES AND LIMITATIONS

- ❖ It has helped management in systematizing thinking.
 - ❖ The contribution of Taylor, Gilbreth, Gantt, Joel Dean, Newann, Ackoff and Hicks are great assets.
 - ❖ They can at best be treated as techniques for managerial analysis.
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- ❖ the utility of mathematical approach cannot be over – emphasized.
 - ❖ Mathematical models cannot be considered as a substitute for sound judgement.
 - ❖ There are certain phases of the management process which cannot be expressed in mathematical symbols or formulae.
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THANK YOU