Organizational Theory

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An Organization

“Organizations are social entities that are goal-oriented; are designed as deliberately structured and coordinated activity systems, and are linked to the external environment”

(Daft, 2004).
Theory

- Theory is “a plan or scheme existing in the mind only, but based on principles verifiable by experiment or observation”

(Funk & Wagnalls, 1302).
A proposition or set of propositions that attempts to explain or predict how groups and individuals behave in differing organizational arrangements.
Organizational Theory

- Classic Organizational Theory
- Bureaucratic Organizational Theory
- Functional specification Organizational Theory
- Human Relations Organization Theory
- Systems Theory
Classic Organizational Theory.

- Specialization
- Unity of direction
- Functional specification
- Chain of command
- Parity between authority and responsibility
- Span of control
Bureaucratic Organization Theory

- Task should be divided among various position holder on the criteria of their abilities.
- Position should be organized in a hierarchical structure of authority.
- Official decisions and actions should be governed by a formally established system of rules and regulations.
- Employment and promotions in the organization should be based on the universalistic criterion of abilities.
Modern Structural Organization Theory

1. Established objectives through control and coordination.
2. There is a “best” structure for any organization in light of objectives, environment, products or services and the technology of the production process.
3. Specialization and division of labor increase the quality and quantity of production.
4. Organic – More participation, more reliance on workers and best in dynamic conditions.
Human Relations Organization Theory

- Group oriented management
- Team work
- Voluntary cooperation
- Self control
- Group decision making
- Hierarchical coordination and control
- Task specialization
Systems theory views an organization as a complex set of dynamically intertwined and interconnected elements including inputs, processes, outputs, feedback loops and the environment.
System Theory by Maslows

- Physiological Needs
- Safety Needs
- Needs of Love
- Needs for Esteem
- Needs for Self-Actualization
Figure 5.1 Norbert Wiener’s Model of an Organization as an Adaptive System.