

Organisation Theory

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The Professional competences

For:

□ first-line managers –

- understanding the individual and group behaviour of the employees,
- the sense and the directions of the political games in organisations;

□ middle and top managers –

- the analysis of making decisions' process,
- understanding their reasons and their results,
- the knowledge and forecast of the potential consequences of decisions and reforms in organisation.

Results of the course

The course will give the professional competencies in the field of organisation's functioning, the information flows, the making decisions' process, the actors strategies.

The student should :

- know the history and the logic of the organisational analysis' development, the social and economic basis of theories
- get skills in understanding the reasons and the internal factors of organisation's success or failure,
- analyse and understand the logic of organisational development, of making decisions' process, of employees and managers' behaviour at work, of their results
- get idea of modern and post-modern organisational theories.

Course's content

- The course 'Organisation Theory' contents the essentials ideas about the history of the organisational knowledge, the understanding of the evolution of the managerial thinking, the analysis of main ideas about organisation functioning, the actual problems in organisational sociology.

The topics include 5 parts:

- Theories of organisational management
- Institutional Theories of organisation
- Organisation's Actors
- Theories of Action in Organisations
- Post-modernist Organisation theories

Teaching and Studying methods

The interactive mode of colloquium

- group discussions
- role playing
- case studies.

At the conclusion the students should prepare the presentations in small groups.

The course follows the pedagogical materials which are accessible – in library and by email

Ask manager about lecture handouts.

Let start !



Organisation

- Object (subject)
- Process
- Feature



Playing – organisational images

Explain, please, why and how we can compare an organisation with –

- machine (engine)
- organism
- brain (learner)
- culture
- psychic prison (for affects, for emotions)
- political system
- domination's tool (instrument of domination)
- flow and transformation

Organisation as a machine

- Distinct functioning, clear order
- Once designed, it works
 - But, it needs maintenance
- Possibility to change the parts, the “components”
 - replace the units without any damage for functioning and for result
- Fixed input and output
 - Usually you have only one input and one output
- Machine requires resources to treat
 - capital
 - Labour – human resources – clockwork, hours (not quality of work)
 - information is one of the resources that keeps the wheels ticking over
- Machine can produce only one kind of product – it is possible to adjust, if you need to produce another type of product
- It is possible to invite a specialist and repair the machine
 - You can invite the consulting agency and “adjust” your organisation
- The essential criterion – effectiveness & efficiency
- It needs control, measurement, quantitative evaluation
 - waste
- Key-words: cogs in a wheel, programmes, standardisation, production

Organisation as an organism

- Alive organism, living system is able to auto–manage
 - to repair itself, to recover
- Environmental conditions
 - Adaptation
 - It should respond to changes triggered by social, economic, technological and legislative forces
- Evolution, development
 - needs
- Life cycles
 - Recycling, restructuring
- Homeostasis
 - This image implies that information from internal and external sources is required to keep the organisation in a state of equilibrium.
- Survival of the fittest
- Information management has a critical role in drawing in information about trends and developments in the external environment
- Key-words: health, illness

Organisation as brain (learner)

Spender, J.C. (1996) Making knowledge the basis of a dynamic theory of the firm, *Strategic Management Journal* 17, 45-62
Grant, R.M. (1996) Toward a knowledge-based theory of the firm, *Strategic Management Journal* 17, 109-122.

- Intelligence, knowledge
 - It operates with information' flows ; parallel information processing
 - Data & images (not only simple numbers), associations...
 - Feedback
 - Adopt a forward-looking approach
- A community which regenerates itself through
 - the creation of knowledge,
 - the outcome of learning
- Requisite variety
 - distributed control
 - adapting itself to the ambiguity and uncertainties found in these environments
 - mindsets
- For the correct functioning, it needs
 - huge energy – different kind of resources in important volume
 - the information and the capabilities to continuously adapt to its changing internal and external environments
- Key-words: Learning, networks

Organisation as culture

- Society
 - Ideology
 - families
 - On market, we need to articulate. But in organisation, we have common understanding, common view of the world around us:
 - myth, meaning – representations
 - values, shared beliefs – directions, the desired points, results, states
 - norms, rules, laws, traditions, ritual, history – ways to achieve values
 - (to achieve the positive values and to avoid the negative ones)
- and its emphasis on
- language, symbol, sign
- The making decision and the use of information will have cultural aspects, in contrast to the assumption that it is essentially a rational human activity:
 - pressing of the history, the images, the limits
- diversity, qualities
- Key-words: shared vision and mission, service, understanding

Organisation as a psychic prison (of affects, of emotions) – 1

- Organisation – non human place?
 - only rational calculating
 - Affects spoil the business, decrease the results – it is necessary to restrain them
- Behavioural economics
 - ego – individual and group economic behaviour is NOT ALWAYS rational
- How to use the psychic phenomena?
 - motivating
 - employees,
 - partners,
 - investors
 - communication between departments
 - communicating with clients; advertising
 - ...

Organisation as a psychic prison (of affects, of emotions) – 2

- Pain & pleasure principle
 - кнут и пряник – (flog & cake) – carrot-and-stick
- Organisational psychology
 - denial – i.e., innovation
 - projection – i.e., motivating
 - coping mechanisms – i.e., alliances ; deviance
 - defence mechanisms – i.e., making decisions
 - repression & regression – i.e., objective's management
- Problems to solve:
 - Suicide at work place or for work reasons
 - Japan (30 thousand of people 2008-2010)
 - France (most well-known case, due to mass media, France Telecom)
 - Resistance
- Key-words: conscious & unconscious processes, dysfunction, workaholic

Organisation as a political system

- Individual goals:
 - Interests – of professional group, social class...
 - Rights – obtained in collective fight
- Group behaviour
 - Alliances
 - to strength individual position it can be reasonable to enter a group
- Power
 - hierarchy, position
 - dimension
 - Authority
 - charisma
- Political model
 - Democracy / authoritarian governance
- party-line
- Roles:
 - Gatekeepers
 - Leaders
 - ...
- Conflict management
- Key-words: hidden agendas, back room deals, censorship

Organisation as a domination's tool

- Organisation is only one of the form of economic activity
 - Corporate interest
 - Alternative – chaos of individual acts at the market (stock exchange)
- Organisation permits to different society's classes to co-operate:
 - to create goods
 - to exchange producing factor (labour – capital)
- Power of property on a resource
 - Capital – Alienation (from resources, producing means, results, personality)
 - Labour – exceptional competences
 - Example: qualified workers in Russian labour market
 - Example: sale managers – Data bases
- Authority of managers – power of employees (trade-unions)
 - exploitation
 - divide and rule
 - discrimination
- Organisation vis State
 - Example: GasProm, lobbying potential
- Key-words: charisma, maintenance of power, force, repression, imposing values, compliance

Organisation as flow

- Changing environment – necessity to adapt to chaos
 - Changing input and output, constant change of processing
 - systemic wisdom, emergent properties
- Organisation is the flow of
 - Information
 - the market's needs
 - the products
 - the new materials and technologies
 - ...
- Services sector – satisfying clients
 - Flow of communication
- No strict borders of an organisation
 - Stakeholders (state, Green Peace, Clients...)
- Key-words: dynamic equilibrium, self-organisation, attractors, butterfly effect, complexity, dialectics, paradox

Metaphors for organisations

Familiar and conventional images of organisations were introduced:

Morgan G. *Images of Organisation*. – Beverly Hills, CA: Sage, 1986 ;

Morgan G. *Imaginization*. – Sage, 1997 :

- machines,
- organisms,
- political systems and
- cultures

Senge, P.M. (1990) *The Fifth Discipline: the Art and Practice of the Learning Organisation*. New York: Doubleday Currency:

- learner

French schools of psychology and of regulation:

- psychic prison
- domination's tool

Post-modernist theories:

- flow and transformation



Just images

- None of these eight images is by itself an adequate representation
- In creating ways of seeing, they create ways of not seeing
- Together they highlight the complexity of organisations and the processes which sustain them.
- This complexity is part of the context of management in organisations and informs management practice.

Organisation in sciences and practices

Military order
(domination)

Practical
producers

Managers
(political system)

Economists

Engineers
(machine)

Organisation

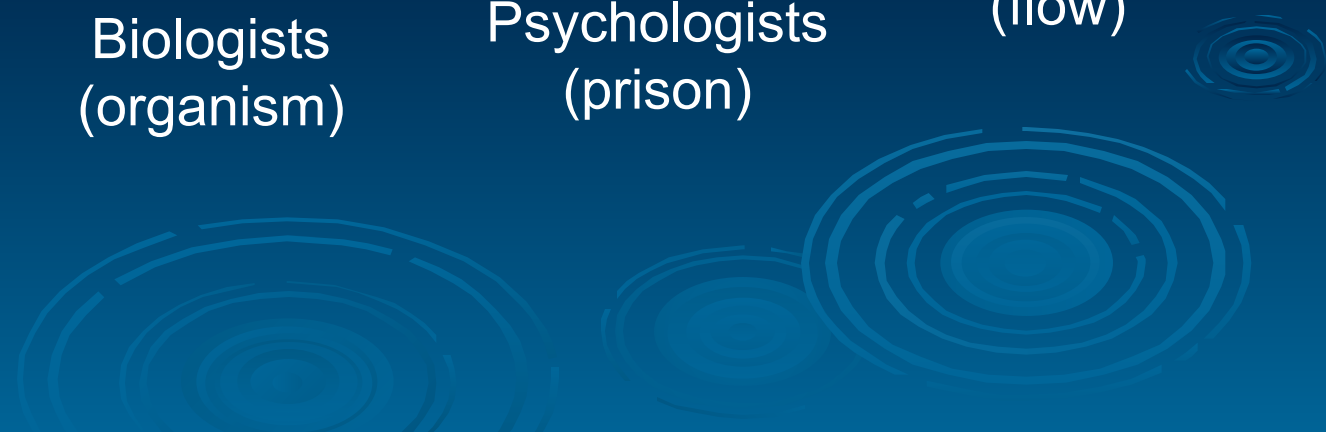
Sociologists
(culture)

IT specialists
(brain)

Biologists
(organism)

Psychologists
(prison)

Organisational
sociologists
(flow)



Military professionals

- The military profession, at least as early as the 17th century, developed
 - principles for the rational analysis of military exercises and interventions.
- They developed ways to
 - rationalise their military *arsenals* and
 - standardise the production of canons so that parts and munitions could be interchangeable.
- In 1801, Eli Whitney gave a public demonstration of mass producing rifles from a pile of interchangeable parts.

Military professionals - 2

- During the second half of the 18th century Frederick the Great, King of Prussia, reorganised his army by
 - recycling the organisational principles of the Roman legions and the European armies of the 16th century.
- He also drew inspiration from automata and tended to think about organisation with these in mind.
- Frederick the Great, King of Prussia :
 - created uniforms and ranks,
 - extended and *standardised* regulations,
 - *created a language of command*,
 - introduced task division and specialisation,
 - advocated the use of *standardised equipment* and military training based on systematic drills.
 - transformed his former pack of, at times, uncontrollable mercenaries and criminals into an obedient clockwork ideal.
 - introduced a certain amount of flexibility to take into account the ups and downs of combat by granting autonomy to a number of components put in charge of several operations.
 - introduced the idea of a distinction between command and council; the former being forbidden to trespass on the authority of the latter.

Engineers

- In the 18th and 19th centuries, plants and factories began to develop.
 - Machines were used to improve labour productivity
- The subcontracting of art and crafts was abandoned and replaced by groups of workers, under the control of a foreman, who was not there to simply place orders, he was also there to hand out tasks and define the work schedule.
- As early as the middle of the 18th century, new machines automated an increasing number of tasks. These required greater sources of energy in order to run. The industrial revolution had started in Great Britain and only needed some kind of driving force for it to get fully under way
 - James Watt came along and developed the steam engine
- This engine provided an unexpected solution to machine operation, and its use quickly spread.

Practical producers

Manufacturing

- In 19th century – C. Bergery (*Économie industrielle*, in 1831) advocated task-sharing between workers, sharing which required an analysis of production beforehand, involved
 - breaking down the production into simple basic operations and
 - giving an accurate estimation of the time required for each one.
- Charles BABBAGE, in 1832, insisted on
 - the division of labour and
 - on *planning*.
- Saint-Simon (1829) studied the organisation of labour and included the concern of "*rallying the masses in order to organise them*".
- In the second half of the 19th century, France,
 - the generation of engineers inspired by the doctrine of Saint-Simon (including Eugène Flachat, founder of the French association of civil engineers in 1848), was relayed by a new generation of engineers following Frédéric Le Play, who insisted on
 - *people handling*.
- As early as the 19th century, discussions about the organisation of labour were already structured around the issues of
 - production rationalisation and
 - human relations policy.

Sociologists

- There were the sociologists and economists who strove to understand what they were seeing. For example:
 - Frederic Le Play and the question of social disorganisation
 - Emile Durkheim and the role of structure within the organisation of labour
 - Max Weber and his forms of authority
- With E. Durkheim, sociology was to make a
 - distinction between formal organisation and informal organisation.This distinction had a structuring effect on the whole field of organisational analysis.
- The organisation is a social form (Georg Simmel)
 - with an authoritative structure,
 - a communication system,
 - enabling activities to be coordinated, controlled, and carried out
 - within the framework of a common goal,
 - while the fruit of the action is shared.

Psychologists

- Work on the scientific organisation of labour, structural management and management instrumentation, focussed on formal organisations:
 - lack of human being, who is in the center of production (value creating) process
- Psychologists and anthropologists emphasised the structural nature of informal aspects:
 - logic of feeling,
 - needs and motivations,
 - identity at work,
 - power play,
 - local adjustments, etc.
- Organisational theory points to a set of relatively unvarying factors, notably the actors
 - actors are not equal to their simple models



Economists

- Adam Smith – the efficiency of the division of labour
- Karl Marx – the question of work collectives and wage relations
 - showed that the organisation of these collectives is the result of relationships of power between groups with antagonistic interests:
 - between those in charge of the production resources and
 - those supplying the labour force
 - with each group claiming its share in the fruit of this labour.
 - It is in the interest of capitalists to control labour in order to reduce costs, as they rival with each other. This led to a crucial question with respect to understanding an organisation: who is controlling the labour and how?
- From K. Marx's time up to the present day (during which time independent groups, quality management, budget control, integrated management software, etc., have emerged), the question of labour control can be found everywhere in organisational theory
 - For some, it is a question of decoding new management tools and revealing the hidden side of control over members of an organisation;
 - for others, it is a question of improving and optimising control systems.
- Faced with these control systems, organisational members began to organise themselves
- Vassilii Leontiev – famous paradox of USA export : qualified labour

Management

- In the middle of the 19th century, more complex machines made their appearance in factories
 - Workers began to specialise while the organisation and
 - control of labour became more complicated
- One part of the staff was assigned to administrative work
 - the emergence of a class of office workers and managers
- With the organisation now too complicated to be managed by one person alone, it became a place where
 - new rules and methods were produced.
- This had an effect on the very notion of authority.



Biologists

- The notion of organisation originally comes from biology
 - it means operating mode, able to live, a living whole.
- Modern biology gave birth to several ways of understanding the organisation. An organisation can be seen
 - as a set of interdependent organs, and if one organ is deficient, the others will be affected by this or try to compensate for it.
 - as a dynamic system striving to keep its balance (homeostasis) with its environment with which it is in permanent contact.
 - as a living being, which evolves throughout its life cycle (birth, growth, degeneration)
- From the point of view of population dynamics, it can be analysed
 - as a member of a species;
 - the survival of the species is the most important part of such dynamics, analysis will focus on the issue of reproduction and dissemination.
- From an ecological point of view, an organisation can be understood
 - as an ecosystem, in permanent relations with a set of other elements and organisms between which a balance is set up:
 - public institutions, worker population, customers, subcontractors, competitors, etc.

IT specialists

- Engineering sciences and information sciences (including cybernetics)
 - looking mainly at the flows and stocks of information
 - the way information is passed around and processed
- Monitoring information leads to a different description of the organisation in which it becomes
 - an information processing machine or
 - an information system with retroactive loops
- Although this kind of approach appeared later on, in the 1950's and 1960's, it is still a fashionable theory, notably
 - owing to the new information and communication technologies,
 - integrated management software, intra- and inter- Nets and
 - new modelling tools belonging to the information sciences
- By extension, the members of an organisation are seen as
 - vectors of information, machines to be processed, maintained and checked for additional information to that provided by computers and software

Time and place

2 weeks – 3 meetings:

- Saturday 28 Nov
 - Playing
 - lecture

- _____ Dec
 - Playing
 - Students' presentations

Place – normally:

- Room 3 – 5 – 7 or 101

From 16:00
to 19:00

Assessment

The whole score for this course is maximum 20 points and includes 2 parts:

- + 8 points for the presentation
(individually or in small groups)
- + 12 points for the written exam results
(open question for 5 pts + case study for 7 pts).

Presentation (8 points)

- Presentation topics
 - Organisational theories and schools
 - see the list of topics

- Formal requirements :
 - 1 person
 - Power Point Presentation .ppt – 2003, Not Vista !
 - 10-12 minutes
 - 12-15 pages

- Presentation is to be
 - presented to other students 28 Nov & ___ Dec
 - **Delay reduces 4 points !**
 - Sent to [nnp @ europe.com](mailto:nnp@europe.com) the same day

Examination (12 points)

Written exam

- lasts 1 hour 30 minutes (1,5 hour)

The exam includes:

- An open theoretical question – 5 points
- A case study – 7 points.

□ You should ask your manager about the date of the Exam (mid Feb 2016)

Some common rules

□ Time

- be late more 20 minutes – Please, wait behind the door

□ Attention

- mobile phone are to be switched off
- you are allowed to use your notebooks, but not to pass time in Facebook, vContacte, ... :-)

□ Participation

- Please, be ready to take part in playing roles
- You are invited to express your ideas in discussions – our course is intended to your activity, and not just theoretical deepening

□ Language

- English is the native language for no one here, so, please, don't hesitate to ask and let help each other with the unknown words or not comprehensible expressions
- You are welcome to ask questions

Thank you!

□ Questions?

- Saturday, 14:30
- Don't forget to make your presentations
 - Attention! Presentations – in PPT 2003 !!
 - No Vista !