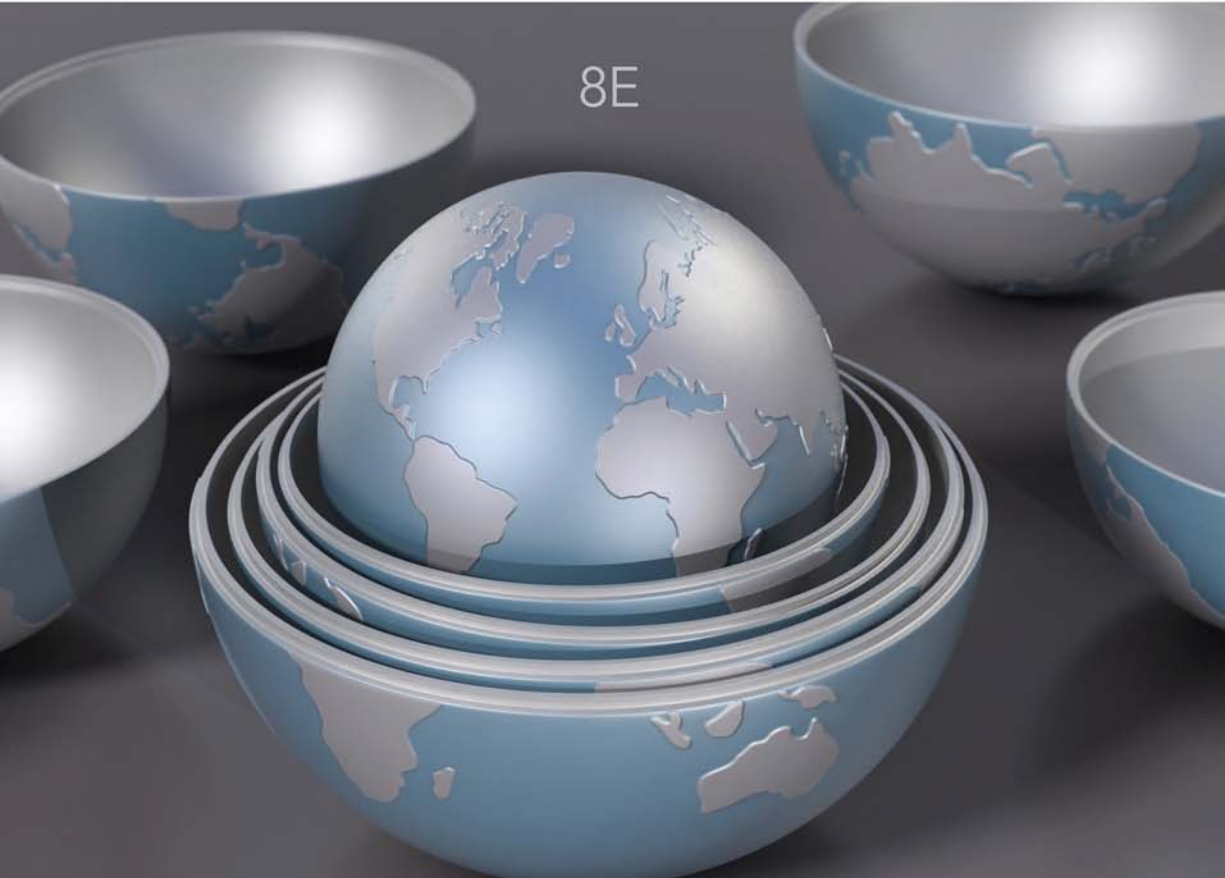# CLASSICS OF

Organization Theory

8E

Shafritz Ott Jang

Classics of Organization Theory

Classics of
Organization Theory
Eighth Edition

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Foreword

Modern societies are filled with organizing. New areas of social life, such as the semiconductor industry or marriage counseling or international consulting, are carried out by organizations. And, older social patterns, in the school, hospital, firm, or government, are formalized and managed as organizations. Organizations, once restricted to a few institutional areas in political and economic systems, are now to be found in every sector of social life. Further, any given organization, in recent periods, is likely to be more elaborately organized, with more differentiated roles and more activity arenas formalized. A university, for instance, will now have departments and offices that did not exist a few decades ago.

The modern expansion in organizing is by no means a matter of evolutionary drift. Organizations are self-consciously constructed and managed as bounded and purposive entities. This is a matter of definition, because organizations are distinct from other sorts of social collectives precisely in that they are articulated and formalized.

Organizations, thus, are theorized. And they are interdependent with the theories that create them, but that also arise from them. It is a two-way street. The academic theory of organizations develops in good part out of the intellectual examination of life in real-world organizations. But it importantly derives from cultural and ideological notions quite independent from ongoing realities: organization and organizational theory are visions as well as practices. In any case, organizational theory drives the kinds of organizations that people build in the real world, and greatly affects the ways existing organizations change. Theorists and researchers analyze organizations and organizational ideologies, and their analyses, carried into reality by a variety of consultants and trained practitioners, change the organizations that exist.

In this book, Shafritz, Ott, and Jang provide an extraordinary overview of the development of modern organization theory by collecting and integrating discussions in the field that have become classics.

- In part, this overview describes the historical development, to greater maturity and sophistication, of an intellectual enterprise. There is more and better empirical research, and there is a greater variety of theoretical ideas and schemes with which to work.
- But in part, it depicts the development toward more complexity of modern organizations themselves. Organizations arise and expand in more and more settings, carrying out more and more tasks. They thus change. And the theoretical developments displayed in this book change with them.
- And further, social ideas about what activities and domains ought to be brought under formal organizational control expand greatly in the modern system. We want our natural environment to be measured and protected, our expanded human rights as workers or consumers taken carefully into account, and our technical and administrative procedures rendered

rational and efficient. So expansions and change in organizational theory reflect not only evolving realities and sophistication in analyzing these realities, but also expanded modern ideologies about what needs to be brought under the systematic control of formal organizational structures.

Thus, the theoretical developments displayed in this book's sweeping portrait of the development of organizational theory show (a) increased theoretical sophistication, but also changes over time both (b) in the actual landscapes of organizational life and (c) in modern ideals or fantasies about the social control of uncertainties.

In all three of these respects, of course, similar developments occur in the world of organizations in practice. Simple structures become more complex and contingent. More and more interdependencies are discovered, created, or desired, and are brought under attempted organizational control. And this occurs on more and more fronts, as organizations are seen at once as managing work, people, and relations with multiple wider environments. In an important sense, rational organizations become less simplistically rational.

In fact, these last sentences capture the evolving complexity of organizational theory. Organization, and its theoretical counterpart, is after all an attempt to simultaneously rationally bring under control activity, people, and linkages to wider environments. This is difficult because each of these dimensions of control poses different and expanding demands with overall cultural change. It all requires much structuring and becomes even more difficult as each of the elements to be linked acquires more and more complexity. Obviously, the work and activity to be controlled is much more complex than in the past. But so are the perceived and legitimated dimensions of the people to be controlled, who now are seen as having many more rights, capacities and agency. And the social and physical environments, too, are filled with more and more perceived complexity.

The history thus starts with the Enlightenment dream, displayed in Chapter 1, of pulling some activities and people out of the messy societal environment and structuring them in rationalized and standardized form under the will of a unitary sovereign. The emphasis may vary from the structuring of economic work with a division of labor to the bureaucratic control of people for political purposes.

It turns out, in social history and in the history of the field, that there are inconsistencies between the requisite elements of the actualities and ideologies of organization. Structuring work effectively is often inconsistent with the sovereign control over people, and both are inconsistent with effective relations with multiple environments. Thus, there is skepticism about the simple rational dream. It is prominently displayed in Chapter 2 of this book, in which theorists raise questions (more than give answers) about the validity of the original dream. The subsequent history of the field takes off from the materials in this chapter.

1. COMING TO TERMS WITH THE HUMAN PARTICIPANTS

One early development was to concentrate on the human dimension of organizing. Organizations in practice have to (or anyway do, or should) take into account that the people in them are participants, not just objects of control. And over time, the human rights and recognized (and schooled) capacities of these people have grown rapidly: modern organizational participants, often professionalized, carry much legitimated agency.

Various sacrifices in the rational exercises of sovereign control, or the rational management of work, are necessary in coming to terms with the cultural reality of expanded human complexity. Chapter 3 of this book presents the core theoretical materials that permanently changed the field in this area.

The people who participate in organizations are not the psychologically simple entities of the original formulations. They bring, from wider society, a whole host of cultural meanings and interpretations. On the one side, organizations must come to terms with the expanded rights and capacities involved. More importantly, organizations can (or must) give up some aspects of their rational structuring to use these cultural elements, or build them, or manipulate them. Organizational culture, thus, constrains, but also may facilitate functioning. The line of reasoning involved is displayed in Chapter 7.

2. COMING TO TERMS WITH VARIABLE ACTIVITY

Classical theory had tended to treat the work activities going on in organizations as having a rather simple character, and tended to imagine that fairly simple rules could cover them. But organizational activities vary sharply in their character and technologies. And the variance increases over time as more and more human activities are brought under the control of formalized organizations. Uncertainties prevail in many of the domains subjected to newly expanded organizing: religious, educational, medical, and charitable structures are now commonly organizations, and pose problems for rationalized standardization. Chapters 4 and 5 of this book pull together the major lines of theorizing that tried to come to terms with these issues. The agenda here is not about the problematics of people, but about the variable difficulties in controlling activity. The effort is to suggest variations in structure that can come to terms with these difficulties. It is understood in these chapters that sacrifices in simple rationalistic models are made necessary by the complexities involved in muddy arenas of work activity and expanded technical interdependencies.

3. COMING TO TERMS WITH VARIABLE SOVEREIGNS AND EXPANDING ENVIRONMENTS

Classical organizational theory tended to imagine rational structuring around singular goals—say, efficient production of work or effective control and standardization of people—under the authority of a single sovereign. Reality is more disordered than that, and in complex modern society becomes more disorderly over time. Chapters 6, 8, and 9 of this book show the lines of contemporary theorizing that result. One dimension of this effort emphasizes the loose power that accumulates within and around organizations, and the constraints (and opportunities) that result. The sovereign is never entirely in command, and must sacrifice rational controls (and unitary goals) to accede to a variety of internal and external pressures.

A second dimension is cultural in character—organizations depend on legitimacy to function. They must use environmentally legitimated forms and meet socially legitimate goals, whether these are most rational or effective or not. And in the contemporary "knowledge" society, the range of rationalized environments (both natural and social) to which an organization must respond has greatly expanded.

A third dimension is competitive. Any given organization is likely to be highly dependent on the competitive, as well as legitimating, environment. The best and most rational way to do things, in principle, may not be feasible in practice, depending on what competitive and supportive elements the environment supplies.

On all these dimensions, the modern societal environment involves a greatly expanded level of cultural rationalization. People inside and outside organizations have more agency, social and natural environments are more rationalized, and thus organization itself becomes more complex. The matter is given special attention in Chapter 9.

All in all, the modern discussions of organizational theory keep an interesting distance from the simple rationalistic dreams of the early classical texts. There is more complexity and more skepticism. Sometimes this takes a pessimistic form, as writers emphasize the failures and pretenses of rationalism. Often it is more optimistic, as theorists see gains in overall effectiveness to be produced by sacrificing simple rationality to incorporate environmental supports, the commitment of human participants, or the complex and variable characteristics of the tasks at hand. Thus, there is an enormous expansion of, and faith in, the possibilities of managerialism and organizational "decision making." The failures of simpler forms of sovereignty have evolved into the striking modern faith in "management" and the MBA degree. This permits the continuing expansion of organization that is central in contemporary society.

In any case, the rational organization is seen as a good deal less rational than it once was imagined. Partly, the field has gotten more sophisticated; partly, organizations themselves have changed; and partly, the original mechanistic and naïve Enlightenment ideals have matured or eroded. The entire history is under display in this extraordinary collection. Shafritz, Ott, and Jang have done students, and the field, a considerable service in creating and updating this work, so that it reflects the continuing growth in both theory and practice.

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Preface

*C*lassics of Organization Theory is a collection of the most important works in organization theory written by the most influential authors in the field. *Classics* does not simply tell the reader what the "masters" said—it presents their works in their own words. These are theories that have withstood the test of time—the critically acclaimed masterworks in the field. Although this book contains a liberal sprinkling of important newer works, its focus is the enduring classics. *Classics of Organization Theory* thus tells the history of organization theory through the words of the great theorists.

This book is designed to help people who are new to the field of organization theory "get into," understand, and appreciate its important themes, perspectives, and theories. We describe and explain what organization theory is, how it has developed, and how its development coincides with developments in other fields, as well as the contexts in which these great works were written.

Each chapter presents one major perspective or "school" of organization theory. Readers thus can immerse themselves in one perspective at a time, before moving to the next. The major perspectives of organization theory—and the chapters—are as follows:

- Classical Organization Theory
- Neoclassical Organization Theory
- Human Resource Theory, or the Organizational Behavior Perspective
- "Modern" Structural Organization Theory
- Organizational Economics Theory
- Power and Politics Organization Theory
- Theories of Organizational Culture and Change
- Theories of Organizations and Environments
- Theories of Organizations and Society

Several other features that help make *Classics* "reader friendly" include:

- The revised *Foreword* by John W. Meyer explains the book in the context of the field of organization theory.
- The *Introduction* explains why there is no single perspective of organization theory. Instead there are competing perspectives or frames for grouping theories of organization, and we explain why we chose this framework.
- The *Introduction* also explains how theories of organization reflect what was going on in the world at the time (for example, World War II, the "flower child"/antiestablishment/self-development era of the 1960s, the recognition in the 1980s that U.S. industry had lost its global competitiveness, and the blurring of boundaries among the private, government, and nonprofit sectors since the turn of the century); defines the criteria used for including and excluding works (for example, "Should the serious student of organization theory be

expected to identify this author and his or her basic themes?"); and presents the organizing framework for the book.

- The *Introduction* contains a *Chronology* of important events and contributions to the field of organizational theory from 1491 BC up to the present. The chronology allows the reader to see the intellectual development of the myriad themes and perspectives of organization theory and to comprehend the impact of time and context on the development of perspectives across the field.

- The opening pages of each chapter identify the central themes and issues of the perspective, contrast the perspective with others, and briefly summarize the key contributions each article makes to the field.

- Most of the articles have been shortened to make them more readable. The editing helps readers focus on the central ideas that make an article a classic.

- Each chapter contains a bibliography of important books and articles from the perspective— whether or not the works are reproduced in this edition of *Classics*.

CHANGES FROM THE SEVENTH EDITION TO THE EIGHTH EDITION

In our never-ending attempt to walk a fine line between holding this book true to its purpose and thus including only "true classics" and adding important newer areas of theory, we have held the first four chapters relatively intact from the seventh edition while increasing the emphasis in the later chapters on the interactions and relations of organizations with the social, economic, and political dimensions of their environment—in other words, beyond earlier notions of organizations as open systems.

It is always difficult to choose new inclusions from among the rich variety of alternatives. We have tried to identify a few readings that present important new bodies of theory within perspectives—theories that we believe will become classics in time. For example, we have added a new reading in Chapter 7 (Theories of Organizational Culture and Change) on the effects of differences among national cultures on organizational cultures; in Chapter 8 (Theories of Organizations and Environments) on network organizations; and in Chapter 9 (Theories of Organizations and Society) on cultural competency and on hybrid organizations as a response to the blurring lines between public and private organizations.

As in previous editions, we have inserted replacement readings that communicate theories more clearly or more compellingly, emphasize aspects of theories we believe are more central to the perspective, and reflect how organizations adapt to fundamental shifts in their environment.

We broke with our long-standing tradition of including only original works by "the masters" in one instance. We replaced Chester Barnard's classic "The Economy of Incentives" with William G. Scott's insightful "Chester I. Barnard and the Guardians of the Managerial State: The Moral Obligations of the Elite." Scott positions Barnard's writing about the moral obligation of organization leaders in the context of Barnard's personal ethical code—an important insight into the source of Barnard's views that does not emerge from reading his original chapter.

We also have streamlined the eighth edition to help hold down the cost of the book. We are well aware of the rapid rise in the price of books and the burden this places on students. Therefore, we reluctantly deleted several old favorites.

The following selections have been added and deleted. We hope you agree the changes improve this edition.

Chapter 2: Neoclassical Organization Theory
Deletions from the Seventh Edition

Chester Barnard, "The Economy of Incentives" (1938)

Robert K. Merton, "Bureaucratic Structure and Personality" (1957)

Richard M. Cyert & James G. March, "A Behavioral Theory of Organizational Objectives" (1959)

Addition to the Eighth Edition

William G. Scott, "Chester I. Barnard and the Guardians of the Managerial State: The Moral Obligations of the Elite" (1992)

Chapter 3: Human Resource Theory, or the Organizational Behavior Perspective
Deletion from the Seventh Edition

Mary Parker Follett, "The Giving of Orders" (1926)

Fritz J. Roethlisberger, "The Hawthorne Experiments" (1941)

Addition to the Eighth Edition

Elton Mayo, "The Hawthorne Experiment. Western Electric Co." (1933)

Chapter 4: "Modern" Structural Organization Theory
Deletions from the Seventh Edition

Tom Burns & G. M. Stalker, "Mechanistic and Organic Systems" (1961)

Henry Mintzberg, "The Five Basic Parts of the Organization" (1979)

Richard M. Burton & Børge Obel, "Technology as a Contingency Factor" (1998)

Addition to the Eighth Edition

Henry Mintzberg, "Structure in 5's: A Synthesis of the Research on Organization Design" (1980)

Chapter 5: Organizational Economics Theory
Deletions from the Seventh Edition

Michael C. Jensen & William H. Meckling, "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure" (1976)

Paul H. Rubin, "Managing Business Transactions" (1990)

Addition to the Eighth Edition

Elinor Ostrom, "An Institutional Approach to the Study of Self-Organization and Self-Governance (1990)

Chapter 6: Power and Politics Organization Theory
Deletions from the Seventh Edition

Jeffrey Pfeffer, "Understanding the Role of Power in Decision Making" (1981)

Robert Michels, "Democracy and the Iron Law of Oligarchy" (1915/1962)

Chapter 7: Theories of Organizational Culture and Change
Deletions from the Seventh Edition

Joanne Martin, "Organizational Culture: Pieces of the Puzzle" (2002)

William G. Ouchi, "The Z Organization" (1981)

Addition to the Eighth Edition

Geert Hofstede, Gert Jan Hofstede, & Michael Minkov, "Cultures and Organizations: Pyramids, Machines, and Families: Organizing Across Nations" (2010)

Chapter 8: Theories of Organizations and Environments
Deletion from the Seventh Edition
> Glenn R. Carroll & Michael T. Harmon, "Demography of Corporations and Industries" (2000)

Addition to the Eighth Edition
> Wayne Baker, "The Network Organization in Theory and Practice" (1992)

Chapter 9: Theories of Organizations and Society
Deletions from the Seventh Edition
> Taylor Cox, "Creating the Multicultural Organization: The Challenge of Managing Diversity" (2001)
>
> Abigail McWilliams & Donald Siegel, "Corporate Social Responsibility: A Theory of the Firm Perspective" (2001)
>
> Johanna Mair, Jeffrey Robinson & Kai Hockerts, "Social Entrepreneurship" (2006)
>
> Helen Haugh, "Social Enterprise: Beyond Economic Outcomes and Individual Returns" (2006)

Additions to the Eighth Edition
> Mitchell F. Rice & Audrey L. Mathews, "A New Kind of Public Service Professional" (2012)
>
> Paul Light, "The Search of Social Entrepreneurship" (2008)
>
> David Billis, "Towards a Theory of Hybrid Organizations" (2010)

ACKNOWLEDGMENTS

This eighth edition of *Classics of Organization Theory* has benefited immeasurably from advice we have received from an array of friendly critics of the seventh edition. We wish to thank those who provided ideas, encouragement and criticisms, including Patricia Bromley, Richard Green, Thad Hall, Chris Simon, and Lina Svedin, University of Utah; Al Hyde, San Francisco State University; Hugh Miller, Florida Atlantic University; Joungyoon Hwang, Yonsei University; and Lisa Dicke, University of North Texas. The reviewers selected by Cengage–Wadsworth provided several useful suggestions for deletions and new additions that we acted upon.

We thank the authors and publishers of these classics for their permission to reproduce their work. As with the previous editions, we sincerely solicit comments, ideas, and suggestions from the scholarly and practitioner communities. Given sufficient encouragement from readers and support from our publisher—and long enough lives—we will continue to revise *Classics of Organization Theory* as new theories and perspectives gain in importance and others fizzle.

<div align="right">

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Introduction to Organization Theory

Organization theory is one of the most interesting, useful, and dynamic sub-fields in the applied fields of administration, including business, public, education, health-care, art, and social work administration. But, *there is no such thing as the theory of organizations* Rather, there are many theories that attempt to explain and predict how organizations and the people in them will behave in varying organizational structures, cultures, and circumstances. Therefore, "frameworks," "perspectives," "traditions," "schools," or occasionally "eras" of organization theory are useful for grouping compatible theories that tend to use the same language or jargon.

A FRAMEWORK: THE "PERSPECTIVES" OF ORGANIZATION THEORY

Some theories of organization are compatible with and build upon others—in what they explain or predict, the aspects of organizations they consider to be important, their assumptions about organizations and the world at large from which they are created, and the suitable methods for studying organizations. Organization theorists from the same schools will quote and cite each other's works regularly. However, they usually ignore theorists and theories from other schools—or acknowledge them only negatively.

In 1961, Harold Koontz described management theory as a "semantics jungle." In 1963, Arthur Kuriloff found that "each [school of organization theory] is at odds with others, each defends its own position, each claims that the others have major deficiencies." But that was 1963, and we have come a long way since then. Or have we? In 1983, Graham Astley and Andrew Van de Ven observed: "The problem is that different schools of [organizational] thought tend to focus only on single sides of issues and use such different logics and vocabularies that they do not speak to each other directly." And, as recently as 2013, Lee Bolman and Terrence Deal observed: "Within the social sciences, major schools of thought have evolved, each with its own view of organizations, its own well-defined concepts and assumptions, and its own ideas about how managers can best bring social collectives under control."

It is reasonable to conclude that not only is there no consensus on what constitutes knowledge in organization theory, but there is not likely to be any such consensus in the foreseeable future. Anyone who studies this subject is free to join the school of organization theory of his or her choice and to accept the philosophic boundaries of one group of serious thinkers over another. But before casting your lot with one school and excluding others, consider the options. Examine each school's strengths and weaknesses. See if its philosophy is in harmony with your already-established beliefs, assumptions, and predispositions.

You may find that no single perspective deserves your loyalty, that each contains important information and insights that are useful in differing circumstances. Remember, these are schools with no tuition, no classes, and no grades. They exist only as intellectual constructs and as mutual support networks of organization theorists. They have one primary purpose: to organize and extend knowledge about organizations and how to study them.

Just as there is disagreement among the various frames about what makes organizations tick, there are also different views about the best way to group organization theories into schools. Each of the major frames of organization theory is associated with a period in time. For example, the classical school was at its prime in the 1920s and 1930s, and the human resources school peaked in the 1960s and early 1970s. Each school had its beginnings while another was dominant, gradually gained acceptance, and eventually replaced its predecessor as the dominant perspective. Some years later, another school came along to challenge and eventually take its position. However, once-dominant frames of organization theory may lose the center stage, but they do not die. Their thinking influences subsequent frames—even those that reject their basic assumptions and tenets. Important works from these earlier perspectives become the timeless classics.

This cycling of schools through struggling ascendancy, dominance, challenge by other schools, and reluctant decline is not unique to organization theory. Thomas Kuhn (1970) postulated that this dialectic process is common in all sciences, including physics, mathematics, and psychiatry. It is quite common for frames that are chronologically close to each other to have widely divergent basic assumptions about the object of their theories.

Despite their differences, most of the better-known approaches to grouping organization theories into schools have commonalities. First, they group theories by their perspectives on organizations—in other words, by basic assumptions about humans and organizations and by those aspects of organizations that they see as most important for understanding organizational processes and structures. Second, they usually group the theories by the period of time during which the most important contributions were written. Other organization theorists use different approaches for labeling the theories. On the other hand, Herbert Simon, among others, has put forward a solid argument that the use of frames (or schools or perspectives) confuses more than it enlightens (1997, pp. 26–27).

In 1983, Graham Astley and Andrew Van de Ven proposed a useful logic for classifying schools of organization "thought" into four fundamental views based on two analytical dimensions: the level of organizational analysis (micro or macro) and the emphasis placed on deterministic versus voluntaristic assumptions about human nature. Thus, Astley and Van de Ven concluded that organization theories could be grouped into the cells of a two-by-two matrix (see Figure 1). Their voluntaristic-to-deterministic dimension (the horizontal continuum in Figure 1) classifies theories by their assumptions about individual organization members' autonomy and self-direction versus the assumption that behavior in organizations is determined by structural constraints. The macro-to-micro continuum (the vertical continuum in Figure 1) groups organization theories by their focus on communities of organizations or single organizations.

W. Richard Scott and Gerald F. Davis (2007) have offered an alternative organizing schema that includes three perspectives of formal organizations: *organizations as rational, natural, and open systems*. The first of these perspectives, *organizations as rational systems*, views organizations as highly formalized rational collectivities pursuing specific goals. The early studies of organizations reflected this rational system perspective. For example, Max

FIGURE 1 • ASTLEY AND VAN DE VEN'S FOUR VIEWS OF ORGANIZATION

Macro
level

Natural selection view	Collective action view
System-structural view	Strategic choice view

Micro
level

Deterministic orientation   Voluntaristic orientation

Examples of some representative organization theorists for each of the four views:

System-Structural View: Blau and Scott (1962), Fayol (1949), Gulick and Urwick (1937), Lawrence and Lorsch (1967), Merton (1940), James D. Thompson (1967)
Strategic Choice View: Bittner (1965), Blau (1964), Feldman and March (1981), Strauss et al. (1963), Weick (1969)
Natural Selection View: Aldrich (1979), Hannan and Freeman (1977), Pfeffer and Salancik (1978), Porter (1981)
Collective Action View: Emery and Trist (1973), Hawley (1950, 1968), Schön (1971)

Adapted from W. G. Astley & A. H. Van de Ven (1983), Central perspectives and debates in organization theory, *Administrative Science Quarterly, 28.*

Weber (1946) and Robert Michels (1949) studied the rise of bureaucracy and the expansion of formalized rules and official hierarchies within organizations at the turn of the twentieth century. Frederick Winslow Taylor (1911) and his associates developed the ideas of scientific management as important mechanisms to restructure and rationalize the activities of business organizations. Henri Fayol (1949) and his colleagues articulated a universal set of principles of administration to guide the specialization and coordination of work activities. These early works viewed formal organizations as rationally designed instruments for achieving goals and maximizing machine-like efficiency.

The second perspective, *organizations as natural systems*, views organizations as social systems with multiple interests, informal relations, and participants with subgoals. Organizational theorists and researchers with this perspective argue there is no one best formal way to maximize organizational efficiency. Rather, they emphasize informal structures that include roles and relationships that emerge among individuals and groups of organizations and shape organizational goals and activities. Exemplary work from this natural system perspective include Elton Mayo's human relations notions (1945) and Chester Barnard's conception of cooperative systems (1938).

Finally, the *organizations as open systems* perspective views organizations as systems of interdependent activities embedded in and dependent on wider environments. Whereas the rational and natural system perspectives view organizations and their environments as separate and closed entities with clear boundaries, this separation is not apparent in the open system perspective. Organizations not only acquire material, financial, and human resources from their environment, they also gain social support and legitimacy. The main focus of theory and research from this perspective is the interactions and interdependencies between organizations and environments. Exemplary works include Hannan and Freeman's organizational ecology model (1977), Pfeffer and Salancik's resource dependence model (1978), and Meyer and Rowan's institutional theory (1977).

Theoretical models of organizations underwent a major change around 1960 when the open system perspective gained support and essentially displaced the closed system models (Scott & Davis, 2007). Although these three perspectives developed historically as distinct research paradigms, recent organizational research tends to combine elements of rational, natural, and open system perspectives and stresses the interactions between organizations and environments.

As the primary focus of organizational research has shifted from the internal characteristics of organizations to the external dynamics of competition, interaction, and interdependency, we have observed an important change in organizational research from a static/structure-centered perspective to a dynamic/process-based perspective. From a static perspective, organizations are depicted as fixed structures that enhance production efficiency and decrease the costs of transactions and controls. Organizations are viewed as tools designed to achieve preset goals, and these approaches tend to pay less attention to organizations' connections to their wider environment. Some of these approaches were developed from a social-psychological perspective—for example, Taylor's scientific management approach—while others focused on structure—for instance, Weber's model of bureaucracy and Fayol's administrative theory.

From the 1930s through to the 1950s, a new set of approaches developed that employed natural system assumptions. Although this line of theory acknowledges that organizational structure becomes more complex and flexible as conflicting goals and the multiple interests of participants are recognized, most of the work from this tradition remains interested in how to build a stable organization structure in order to coordinate conflicts and interests effectively. Once again, some of these approaches were developed primarily from a social-psychological perspective—such as the socio-psychological studies on human relations within small groups—while others focus on structure—for example, Barnard's theory of cooperative systems and Mayo's version of human relations. This line of theory stresses goal complexity and the emergence of informal structures such as interpersonal systems of power, status, communication, and friendship and their impacts on formal organization systems.

In contrast with the natural systems assumptions, the dynamic perspective sees organizations as involved in continually changing and transforming processes of "structuration" while interacting with technical and institutional environments. Not only the internal operations of an organization but also the organization itself persists and evolves as a system (Aldrich & Reuf, 2006). From this perspective, an organization is not a fixed entity but a dynamic system.

This emerging dynamic approach provides a clear example of how recent organization theory has shifted its attention from structure (organization) toward process (organizing). Karl Weick defines "organizing" as "the resolving of equivocality in an enacted environment by means of interlocked behaviors embedded in conditionally related process" (1969: 91). Organizing is directed toward information processing in general and toward removing information ambiguity in particular. Organizing attempts to narrow the range of possibilities and alternatives and to establish a workable level of certainty.

Organizations create or "enact" their environments deliberately, rather than passively awaiting the judgment of the environment to select them into or out of it. When encountering environmental uncertainty, organization leaders try to "make sense" of their environments (Weick, 1995). They construct, rearrange, single out, and edit many features of their surroundings as they define and create their own constraints through an "enactment-selection-retention" process. Enactment is the process by which individuals arrive at an understanding about the opportunities and constraints and construct an ordered picture of their environments. Besides these perceptual processes, organizational members also influence their environments through their own actions, including information gathering, processing, and decision making. Thus, enactment emphasizes that organizational participants interact with and actually constitute their environments. The organization does more than observe and interpret. It modifies the environment while it continually transforms and changes itself.

While organizational participants perceive and evaluate the environment, they also arrive at agreed-upon responses in order to make collective sense of what is going on. This is the *selection process*. That is, some responses are selected from among many alternatives. Some responses that are selected are more useful than others. They are retained and institutionalized as organizational rules and routines. In this way, the dynamic process of sense-making gives rise to a repertory of repeated routines and patterns of interaction and thereby reduces uncertainty.

Successful organizations need to decrease the degree to which their systems are formalized and structured. They must develop new kinds of flexibilities, including more reliance on contingent workers; more loosely coupled and flexible connections among work units and divisions—some of which operate outside the formal boundaries of the organization; and more reliance on project teams, whose goals, composition, and division of labor shift over time (Scott, 2004). Success today depends on how promptly organizations respond to rapidly changing environments, including, for example, fluctuating market demands, shifting customer needs, and legislated changes. Competitors move quickly in and out of products, markets, and sometimes even entire business. In such an environment, the essence of strategy is not the efficient *structure* of an organization, but the *dynamic process* of organizational interactions in and with turbulent environments.

Because an understanding of organizations from different perspectives is essential for the practice of administrators, we believe that no student in any field of administration should complete their degree without at least one course in organization theory. Unfortunately, however, too many undergraduate and graduate students think organization theory is a stuffy old field that died or at least went dormant in the second half of the twentieth century with giants such as Herbert Simon (1946), J. D. Thompson (1967), and Douglas McGregor (1957)—or perhaps all the way back in the times of Frederick Winslow Taylor (1911), Max Weber (1922), and Luther Gulick (1937). How can theories as old

as these be of more than historic interest in today's world of fluid, rapidly changing, and electronically connected organizations?

It may surprise some readers that many older organization theories remain vital and useful in today's world because theorists such as Weber, Taylor, Gulick, Simon, Thompson, and McGregor provided a clear picture of organizations as stable institutions, and thereby continue to serve as bed-rock models in theory and practice. Some early theories provide a basis of comparison for more recent fluid alternative models of organizations that fit better with the realities of current environments. Because of this, many of these legendary theories serve as points of departure for today's exciting, newly emerging organizational forms and functions.

On the other hand, it is important to emphasize that the existence of the long-standing theories should not be used as reasons for not trying and experimenting with creative new organizational forms. Organizations are means, not ends. They are merely legal entities established for the purpose of coordinating activities that lead to desired ends, whether the end is profit, effective and efficient delivery of services, or enabling individuals to collectively challenge the status quo. Organizations should serve people, purposes and societies, not longings for bygone years or myths about a past that never existed.

Older theories need to be adapted to fit with the needs of the times. Henri Fayol (1916) and Luther Gulick (1937) (both reprinted in Chapter 1) never considered government agencies that deliver their services through contracted nonprofit and for-profit organizations. Chester Barnard may have written about chief executives holding their organizations together by creating a culture of cooperation and collaboration among employees (see Reading 9 in Chapter 2 by William G. Scott), but consider how different this challenge is for a firm that contracts with individuals or employs mostly part-time temporary employees who are spread around the globe. These individuals may never meet in person; they work together only briefly, and exclusively through electronic communications. How does a CEO develop loyalty to the organization or collaboration among its personnel? Barnard may have provided the foundational ideas, but alternative theories are needed today.

Accordingly, newer theories are needed for organizations to deal with the world of today. More recent theories tend to address types of circumstances and rates of change that the early giants of organization theory could not have foreseen. They are keeping organization theory interesting, useful, dynamic, and relevant—which is why we believe all students in all fields of administration should take at least one course in organizations theory. Whereas J. D. Thompson (1967) is widely credited with introducing the notion of organizations as "open systems" (reprinted in Chapter 8), theorists today are wrestling with the realities of organizations without boundaries—organizations that are integral components of their environments (Chapter 8) and their communities (Chapter 9). Corporate citizenship or corporate social responsibility is becoming an essential element of an organization's mission, purpose, and business model, not a public relations ploy (Carroll & Buchholtz, 1989, reprinted in Chapter 9). Likewise, many nonprofit organizations use organizational models from business, but utilize them for completely different purposes. Instead of seeking profits, they seek business-like ways to raise funds to help finance their public good ends. This explains why organizational models have evolved over the past several decades to blend profitability from entrepreneurial ventures with social consciousness (Light, 2008, reprinted in Chapter 9).

THE ORGANIZATION OF THIS BOOK

We believe strongly that a historical approach offers clear advantages for students, and the use of perspectives, schools, or frames as the basis for organizing chapters lends itself quite well to such an approach. Organization theory tends to be somewhat cumulative: Theorists and schools of theorists learn from and build upon each other's works. Sometimes the cumulative building of organization theory has been accomplished through the adoption of prior theorists' assumptions, logic, and empirical research methods and findings. In other instances, the building process has advanced by *rejecting* prior assumptions and theories (Kuhn, 1970). Thus, our rather traditional, historical approach allows readers to follow the ebb and flow among and within the perspectives. Most chapters move from the oldest theories (Chapter 1, Classical Organization Theory) to the most recent (Chapter 9, Theories of Organizations and Society). Within chapters, readings usually are presented in chronological sequence so readers can gain a sense of the evolution of thought in the field. Do not expect all chapters and readings to be in chronological order, however. The evolution of organization theory has never been a straight line.

Keep in mind that many theories include some concepts from multiple perspectives no matter how tightly or loosely the boundaries are defined and drawn. Also, the schools—and therefore the chapters—reflect general periods in time as well as perspectives of organizations. The reader can gain an overview of the historical development of organization theory by referring to the "Chronology of Organization Theory" that follows this Introduction.

Our perspectives, or schools, and the corresponding book chapters are as follows:

Chapter 1   Classical Organization Theory
Chapter 2   Neoclassical Organization Theory
Chapter 3   Human Resource Theory, or the Organizational Behavior Perspective
Chapter 4   "Modern" Structural Organization Theory
Chapter 5   Organizational Economics Theory
Chapter 6   Power and Politics Organization Theory
Chapter 7   Theories of Organizational Culture and Change
Chapter 8   Theories of Organizations and Environments
Chapter 9   Theories of Organizations and Society

Each perspective is described and discussed in the introductory essays in the respective chapters.

CRITERIA FOR SELECTING READINGS

The editors are neither so vain nor so foolish as to assert that these are *the* classics of organization theory. The academic study of organization theory rests on a foundation of primary and secondary sciences and draws significantly from such diverse disciplines as sociology, psychology, social psychology, cultural anthropology, political science, economics, business administration, public administration, and education leadership and policy. It draws less, but still importantly, from mathematics, statistics, systems theory, industrial engineering, philosophy and ethics, history, and computer sciences. We readily admit that some

important contributors and contributions to the field have been omitted from this collection. Some omissions were particularly painful—especially the readings that we deleted from the seventh edition. Considerations of space and balance necessarily had to prevail.

We have continued to use the same criteria for selecting the readings to include in this edition. First, we asked ourselves, "Should the serious student of organization theory be expected to identify these authors and their basic themes?" When the answer was yes, it was because the contribution has long been, or is increasingly being recognized as, representative of an important theme by a significant writer. Whereas we expect to be criticized for excluding other articles and writers, it will be more difficult to honestly criticize us for our inclusions. The writers and readings chosen are among the most widely quoted and reprinted theorists and theories in the field of organization theory. The exceptions are the articles chosen to represent the newer perspectives of organization theory. Obviously, new articles have not been quoted as extensively as those written ten, twenty, or thirty years earlier. Thus, we had to be more subjective when making our editorial decisions about inclusions and exclusions in these chapters. In our judgment, these readings have a reasonable chance to fare well against the test of time.

Although this is a book of classics, we continue to receive requests to include some current and near-current theories. Other readers and reviewers, however, urge us to stay true to the book's purpose. "Stay with the time-tested classics. Don't try to be everything for everybody. Let other anthologies keep readers up to date with the current fads." We hope to appease both points of view by including some recent contributions, particularly in Chapters 7 and 9. Purists can simply pretend these chapters are not included.

The second criterion is related to the first: Each reading had to make a basic statement that has been echoed or attacked consistently. In other words, the selection had to be important—significant in the sense that it must have been (or will be) an integral part of the foundation for the subsequent building of the field of organization theory.

The third criterion was that articles should be readable. Those of you who have already had reason to peruse the literature of organization theory will appreciate the importance of this criterion.

The inclusion of readings from the more recent perspectives raises important questions about our choices of chapters for grouping theories and selections. For example, why are some readings included in Chapter 7, "Theories of Organizational Culture and Change," instead of in Chapter 9, "Theories of Organizations and Society"? The answers to questions such as these reflect our own conceptual and historical construction of organization theory, tempered by the need to limit the size of this volume. It is crucially important, then, to understand where we, the authors/editors, are "coming from." Thus we have written essays to introduce each chapter. Each introductory essay presents a school or perspective of organization theory, but because there is no universally accepted set of schools or perspectives, these words of explanation were needed here.

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