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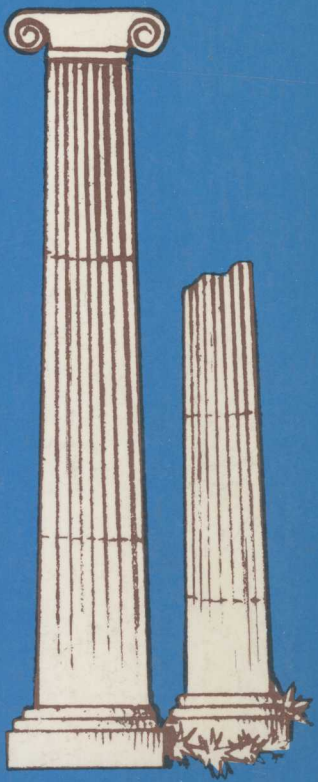
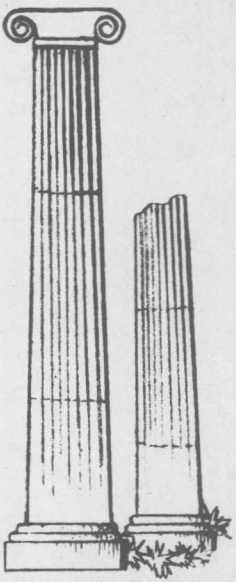
JAY M. SHAFRITZ / PHILIP H. WHITBECK



CLASSICS OF ORGANIZATION THEORY



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Preface

This book deals with organization theory. By "organizanion" we mean a social unit designed to attain a particular goal. By "theory" we mean a proposition (or set of propositions) that seeks to explain or predict something. The something in this case is how groups and individuals behave in varying organizational structures and circumstances. This is obviously important information for a manager to have. It is no exaggeration to say that the world is ruled by the underlying premises of organization theory, and it has been ever since humankind first organized itself for hunting, war, and even family life. It seems fair to say that the newest thing about organization theory is the study of it.

Only in the 20th century has intellectual substance and tradition been given to a field that was the instinctual domain of adventuresome entrepreneurs and cunning politicos. Organization theory lay largely dormant over the centuries until society found a practical use for it—to help manage the ever-burgeoning national (as opposed to local) industries and institutions that increasingly ran the 20th century. When the problems of managing an organization grew to be more than one head could cope with, the search for guidance on how to run large-scale organizations became as noble a quest as the secular world could offer. If a commercial society ever had prophets, it was those pioneers of the scientific-management movement who claimed that the path to ever greater prosperity was to be found in the relentless search for the "one best way." They were offering society a theory—abstract guidance for those who knew where they wanted to go, but didn't quite know how to get there. And as Kurt Lewin was fond of saying, "there is nothing so practical as a good theory."

Peter Drucker wrote in his 1954 book, *The Practice of Management*, that the thrust toward scientific management "may well be the most powerful as well as the most lasting contribution America has made to Western thought since the Federalist Papers." Of course, the scientific-management movement was just the beginning of a continuous search for the most effective means by which people can be organized into social units in order to achieve the goals of their companies, their governments, or themselves. What was once said of the first atomic bomb is now said of the first U.S. voyage to the moon; it was as much an achievement of organization as it was of science.

Have our theories of organization kept pace with our industrial achievements? Probably! At least when compared to the "primitive" notions of the scientific-management movement they seem as sophisticated as a space shuttle compared to Lindberg's "Spirit of St. Louis." Yet, in both cases, many of the basics remain the same—remain as givens. The laws of physics and gravity do not change with intellectual fashions or technological advances, nor do the basic social and physical characteristics of people. Just as those who would build space ships have to start by studying Newton, those who would design and manage organizations have to start with Taylor and Fayol. The future must always build upon what is enduring from the past. That is the rationale for this book—to provide those who would understand and/or seek to advance organization theory a convenient place to find the essentials, indeed the classics, of organization theory's "past."

The editors are neither so vain nor so foolish as to assert that these are "the" classics of organizational behavior. The field, which is the legitimate concern of at least half a dozen academic disciplines, is so diverse that there can be no such list. All that is attempted here is to provide representative samples of the work of many of the field's most significant writers. It is readily admitted that some important contributors to the field have not found their way into this collection, but considerations of space and balance necessarily prevailed.

In making our selections we had a rule of thumb; we asked ourselves, "should the serious student of organization theory be expected to be able to identify this author and his or her basic themes?" If the answer was yes, then it was so because such a contribution has long been recognized as an important theme by a significant writer. While the editors can and expect to be criticized for excluding this or that particular article or writer, it will be much more difficult to honestly criticize us for our inclusions; the writers chosen are among the most widely quoted and reprinted theorists in the field. An "unrecognized classic" seems to us to be a contradiction. Our final criterion for inclusion was readability. We sought selections that could be read and appreciated by people with or without a background in the study of organizations.

The selections are divided into six chapters. Within each chapter the selections are presented in chronological order so that the reader may gain a sense of the evolution of thought in the field. The chapter introductions will be kept to a minimum. A classic, after all, is quite able to stand by itself. While some of the selections might seem quite old to a student readership, do not for a moment think that they are dated. They are considered classics in the first place because of their continuing value to each new generation.

We collectively thank the various authors and publishers of these "classics" for their permissions to reproduce their work. Finally, we wish to acknowledge those individuals who have contributed to our understanding

of the practice and theory of organizations: Walter E. Natemeyer and Albert C. Hyde, University of Houston at Clear Lake City; Wesley L. Hjornevik, Texas Department of Human Resources; John D. Young, U. S. Department of Energy; James Webb, former NASA administrator; and Christopher C. Kraft, director of the NASA Johnson Space Center. Ginger Ware was kind enough to type the manuscript.

JAY M. SHAFRITZ
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Topical Contents

Chronological Contents

I

Classical Organization Theory

Introduction. Classical organization theory as its name implies, was the first theory of its kind, is considered traditional, and will continue to be the base upon which subsequent theories are built. Of course, the honor of being aclaimed "classical" is not bestowed upon anything until it has been supplanted. However, the neoclassical, as well as all other approaches to organization theory, have not discarded the tenets of the classical approach; they have merely adapted and built upon its foundations. An understanding of classical organization theory is essential, therefore, not only because it is of historical interest, but because subsequent analyses and theories tend to presume a knowledge of it.

The development of any theory must be viewed in the context of its time. The beliefs of early management theorists about how organizations worked or should work were a direct reflection of the social values of their times. The times were harsh, and it was well into the 20th century before the industrial workers of the U.S. and Europe began to enjoy even limited "rights" as organizational citizens. The labor movement in the U.S. did not reach maturity until the late 1930s! Workers were not viewed as individuals, but as the interchangeable parts in an industrial machine whose parts were made of flesh only when it was impractical to make them of steel. Consequently, the first theories of organizations were concerned with the anatomy or structure of formal organizations. This is the hallmark of classical organization theory—a concern for organizational structure that is premised upon the assumed rational behavior of its human parts.

If one looks hard enough, one can find organization theorists in almost any literate civilization. However, it has become customary to trace the lineage of present day theories to Adam Smith, the Scottish economist who provided the intellectual foundation for *laissez faire* capitalism. His most famous work, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), devotes its first chapter, "Of the Division of Labour," to a discussion of the optimum organization of a pin factory. Why? Because greater specialization of labor was one of the pillars of Smith's "invisible hand" market mechanism in which the greatest rewards would go to those who were the most efficient in the competitive marketplace. Traditional pin

makers could produce only a few dozen pins a day. When organized in a factory with each worker performing a limited operation, they could produce tens of thousands a day. Smith's "Of the Division of Labour" is reprinted here because, coming as it did at the dawn of the Industrial Revolution, it is the most famous and influential statement on the economic rationale of the factory system.

About a hundred years after Adam Smith declared the factory to be the most appropriate means of mass production, Frederick W. Taylor found it necessary to say that factory workers could be much more productive if their work was "scientifically" designed. Taylor, the acknowledged "father" of the scientific-management movement, pioneered the development of time-and-motion studies. Premised upon the notion that there was "one best way" of accomplishing any given task, Taylor's scientific management sought to increase output by discovering the fastest, most efficient, and least fatiguing production methods. The job of the scientific manager, once the "one best way" was found, was to impose this procedure upon his organization. Classical or orthodox organization theory derives from a corollary of this proposition. If there was one best way to accomplish any given physical task, then correspondingly, there must also be one best way to accomplish any task of social organization. Such principles of social organization were assumed to exist and just waiting to be discovered, much as the principles of natural law were discovered by diligent observation. While Taylor's best known work is his 1911 book, *The Principles of Scientific Management*, he wrote numerous accounts on the subject. Reprinted here is a summary article also entitled "The Principles of Scientific Management."

While the ideas of both Adam Smith and Frederick W. Taylor are still dominant influences on the design and management of organizations, it was Henri Fayol, a French executive engineer, who developed the first comprehensive theory of management. While Taylor was tinkering with the technology employed by the individual worker, Fayol was theorizing about all of the elements necessary to organize and manage a major corporation. Fayol's major work, *Administration industrielle et générale* (published in France in 1916), was almost ignored in the U.S. until Constance Storr's English translation, *General and Industrial Management*, appeared in 1949. Since that time, Fayol's theoretical contributions have been widely recognized and his work is considered fully as significant as that of Taylor. Reprinted here is "General Principles of Management," a chapter from Fayol's book.

Bureaucracy has emerged as a dominant feature of the contemporary world. Virtually everywhere one looks in both developed and developing nations, economic, social, and political life are extensively influenced by bureaucratic organizations. "Bureaucracy" is generally used to refer to a

specific set of structural arrangements. It is also used to refer to specific patterns of behavior—patterns which are not restricted to formal bureaucracies. It is widely assumed that the structural characteristics of organizations properly defined as "bureaucratic" influence the behavior of individuals—whether clients or bureaucrats—who interact with them. Contemporary thinking along these lines begins with the work of the brilliant German sociologist, Max Weber. His analysis of bureaucracy, first published in 1922, is still the most influential statement and the point of departure for all further analyses on the subject. Drawing upon studies of ancient bureaucracies in Egypt, Rome, China, and the Byzantine Empire, as well as on the more modern ones emerging in Europe during the 19th and early part of the 20th centuries, Weber used an "ideal-type" approach to extrapolate from the real world the central core of features characteristic of the most fully developed bureaucratic form of organization. Weber's "Characteristic of Bureaucracy" is neither a description of reality nor a statement of normative preference. It is merely an identification of the major variables or features that characterize bureaucracies.

Mary Parker Follett was a prophet before her time. Writing in the 1920s, she anticipated many of the conclusions of the Hawthorne experiments of the 1930s and the post World War II behavioral movement. In calling for organizations to be structured so that managers exercise "power with" as opposed to "power over" their subordinates, she was a major voice for what today would be called participatory management. Her discussion, "The Giving of Orders," draws attention to the problems caused when superior/subordinate roles inhibit the productivity of the organization.

Between the World Wars, when management established itself as an identifiable discipline, the influence of scientific management or "Taylorism" was pervasive. The methodology used to divine the "one best way" to accomplish a physical task was increasingly applied to the problem of social organization. Luther Gulick's "Notes on the Theory of Organization," one of the major statements of the "principles" approach to managing organizations, appeared in *Papers on the Science of Administration*, a collection that he and Lyndall Urwick edited in 1937. Overall, the *Papers* were a statement of the "state of the art" of organization theory. It was here that Gulick introduced his famous mnemonic, POSDCORB, which stood for the seven major functions of management—planning, organizing, staffing, directing, coordinating, reporting, and budgeting.

In 1931, General Motors executive James D. Mooney and Fordham University history professor Alan C. Reiley published *Onward Industry*—a book that sought to discover the principles of organization by examining the management practices of great leaders throughout history. They found, in part, that all lasting organizational structures were based on a system of superior–subordinate relationships arranged in a hierachical fashion. This

they called the "scalar principle." They revised their book in 1939, changing the title to *The Principles of Organization*. Mooney revised the book a second time in 1947, and that third edition included a chapter, "The Scalar Principle," which is reprinted here.

1. Of the Division of Labour*

ADAM SMITH

The greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity, and judgment with which it is any where directed, or applied, seem to have been the effects of the division of labour.

The effects of the division of labour, in the general business of society, will be more easily understood, by considering in what manner it operates in some particular manufactures. It is commonly supposed to be carried furthest in some very trifling ones; not perhaps that it really is carried further in them than in others of more importance: but in those trifling manufactures which are destined to supply the small wants of but a small number of people, the whole number of workmen must necessarily be small; and those employed in every different branch of the work can often be collected into the same workhouse, and placed at once under the view of the spectator. In those great manufactures, on the contrary, which are destined to supply the great wants of the great body of the people, every different branch of the work employs so great a number of workmen, that it is impossible to collect them all into the same workhouse. We can seldom see more, at one time, than those employed in one single branch. Though in such manufactures, therefore, the work may really be divided into a much greater number of parts, than in those of a more trifling nature, the division is not near so obvious, and has accordingly been much less observed.

To take an example, therefore, from a very trifling manufacture; but one in which the division of labour has been very often taken notice of, the trade of the pin-maker; a workman not educated to this business (which the division of labour has rendered a distinct trade), nor acquainted with the use of the machinery employed in it (to the invention of which the same division of labour has probably given occasion), could scarce, perhaps, with his utmost industry, make one pin in a day, and certainly could not make twenty. But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar trades. One man draws out the wire, another straights it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires two or three distinct operations; to put it on, is a peculiar business, to whiten the pins is another; it is even a trade by itself to put them into the paper; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which, in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them. I have seen a small man-

*Source: Adam Smith, *The Wealth of Nations* (1776), Chapter 1. Footnotes omitted.

ufactory of this kind where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommmodated with the necessary machinery, they could, when they exerted themsleves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day; that is, certainly, not the two hundred and fortieth, perhaps not the four thousand eight hundredth part of what they are at present capable of performing, in consequence of a proper division and combination of their different operations.

In every other art and manufacture, the effects of the division of labour are similar to what they are in this very trifling one; though, in many of them, the labour can neither be so much subdivided, nor reduced to so great a simplicity of operation. The division of labour, however, so far as it can be introduced, occasions, in every art, a proportionable increase of the productive powers of labour. The separation of different trades and employments from one another, seems to have taken place, in consequence of this advantage. This separation too is generally carried furthest in those countries which enjoy the highest degree of industry and improvement; what is the work of one man in a rude state of society, being generally that of several in an improved one. In every improved society, the farmer is generally nothing but a farmer; the manufacturer, nothing but a manufacturer. The labour too which is necessary to produce any one complete manufacture, is almost always divided among a great number of hands. How many different trades are employed in each branch of the linen and woollen manufactures, from the growers of the flax and the wool, to the bleachers and smoothers of the linen, or to the dyers and dressers of the cloth! The nature of agriculture, indeed, does not admit of so many subdivisions of labour, nor of so complete a separation of one business from another, as manufactures. It is impossible to separate so entirely, the business of the grazier from that of the corn-farmer, as the trade of the carpenter is commonly separated from that of the smith. The spinner is almost always a distinct person from the weaver; but the ploughman, the harrower, the sower of the seed, and the reaper of the corn, are often the same. The occasions for those different sorts of labour returning with the different seasons of the year, it is impossible that one man should be constantly employed in any one of them. This impossibility of making so complete and entire a separation of all the different branches of labour employed in agriculture, is perhaps the reason why the improvement of the productive powers of labour in this art, does not always keep pace with their improvement in manufactures. The most opulent nations, indeed, generally excel all their neighbours in agriculture as well as in manufactures; but they are commonly more distinguished by their superiority in the latter than in the former. Their lands are in general better cultivated, and having more labour and expence bestowed upon them, produce more in proportion to the extent and natural fertility of the ground. But this superiority of produce is seldom much more than in proportion to the superiority of labour and expence. In agriculture, the labour of the rich country is not always much more productive than that of the poor; or, at least, it is never

so much more productive, as it commonly is in manufactures. The corn of the rich country, therefore, will not always, in the same degree of goodness, come cheaper to market than that of the poor. The corn of Poland, in the same degree of goodness, is as cheap as that of France, notwithstanding the superior opulence and improvement of the latter country. The corn of France is, in the corn provinces, fully as good, and in most years nearly about the same price with the corn of England, though, in opulence and improvement, France is perhaps inferior to England. The corn-lands of England, however, are better cultivated than those of France, and the corn-lands of France are said to be much better cultivated than those of Poland. But though the poor country, notwithstanding the inferiority of its cultivation, can, in some measure, rival the rich in the cheapness and goodness of its corn, it can pretend to no such competition in its manufactures; at least if those manufactures suit the soil, climate, and situation of the rich country. The silks of France are better and cheaper than those of England, because the silk manufacture, at least under the present high duties upon the importation of raw silk, does not so well suit the climate of England as that of France. But the hard-ware and the coarse woollens of England are beyond all comparison superior to those of France, and much cheaper too in the same degree of goodness. In Poland there are said to be scarce any manufactures of any kind, a few of those coarser household manufactures excepted, without which no country can well subsist.

This great increase of the quantity of work, which, in consequence of the division of labour, the same number of people are capable of performing, is owing to three different circumstances; first, to the increase of dexterity in every particular workman; secondly, to the saving of the time which is commonly lost in passing from one species of work to another; and lastly, to the invention of a great number of machines which facilitate and abridge labour, and enable one man to do the work of many.

First, the improvement of the dexterity of the workman necessarily increases the quantity of the work he can perform; and the division of labour, by reducing every man's business to some one simple operation, and by making this operation the sole employment of his life, necessarily increases very much the dexterity of the workman. A common smith, who, though accustomed to handle the hammer, has never been used to make nails, if upon some particular occasion he is obliged to attempt it, will scarce, I am assured, be able to make above two or three hundred nails in a day, and those too very bad ones. A smith who has been accustomed to make nails, but whose sole or principal business has not been that of a nailer, can seldom with his utmost diligence make more than eight hundred or a thousand nails in a day. I have seen several boys under twenty years of age who had never exercised any other trade but that of making nails, and who, when they exerted themselves, could make, each of them, upwards of two thousand three hundred nails in a day. The making of a nail, however, is by no means one of the simplest operations. The same person blows the bellows, stirs or mends the fire as there is occasion, heats the iron, and forges every part of the nail: In forging the head too he is obliged to change his tools. The different operations into which the making of a pin, or of a metal button, is subdivided, are all of them much more simple, and the dexterity of the person, of whose life it has been the sole business to perform them, is usually much greater. The rapidity with which some of the operations of those manufactures are performed, exceeds what the human hand could, by those who had never seen them, be supposed capable of acquiring.

Secondly, the advantage which is gained by saving the time commonly