

Theories of Organisation: Modern Theories

1. Introduction to Modern Theories of Organisation

The growing complexity and unpredictability of the competitive environment, rapid evolution of new technology, increasing propensity for change, and the pressure for a more enlightened social perspective are some of the drivers that have concerned modern theorists of organization. The authors of this period are apt to address issues such as leadership, decision-making in conditions of risk or uncertainty, task interdependence in organization design, socio-technical influence, corporate linkages, and other aspects of the human side of the organization. The management and administrative functions bear the brunt of changes due to demands from these quarters. The organization's ability to sense changes in both the internal and external environments exhibits the quality of modern attributes. The institution requires variety in structure, size, orientation, and the creation and development of innovative products. It also demands high performance from all its units, particularly those involved in integrating the pieces into a larger whole. A thorough understanding of the principles and practices that encourage and sustain vitality is an important goal of organization theory and has indeed spawned significant research efforts.

1.1. Historical Context and Evolution of Organisational Theories

Understanding the evolution of thinking about organizations and management practice, and the processes of change, begins with an examination of the roots and historical influences on thinkers. Different disciplines bring different perspectives in seeking to explain the operations of organizations and the behavior and attitudes of people within them. We look beyond the modern management approaches to acknowledge the contributions of individual social philosophers who have helped to shape and enrich the domain of organizational thinking with various perspectives that take into account diverse disciplines – such as philosophy, political science, sociology, economics, anthropology, and psychology. Our approach acknowledges that organizations exist within a wider environment of society, and that their activities and operations have a significant impact on the quality of people's lives. Management is not limited to private interests, but is a social institution with fundamentally social responsibilities. We also stress a 'people-centric' view of

organizations; that is, people are fundamental to the vitality, ongoing growth, and prosperity of organizations, rather than simply as components in a mechanistic or strategic control circuit. We should value people for their unique contribution to the capabilities of the organization and not simply as a cost to bear in the calculation of profit.

2. Classical Management Theories

Classical management theory was rigid and mechanistic, and its scope was limited. It is a more general theory that focused on developing principles for the operation of large, complex organizations. Features of the classical management theories are as follows: 1. It is general management rather than a detailed or applied art. 2. It is expressed in terms of principles and generalizations. 3. These principles are supposed to act as suggested aids in solving problems of management. 4. These principles are derived through a series of observations that lead to a set of defined concepts and facilitate the development of mechanisms that work under specified conditions. 5. This theory is supposed to provide invaluable insight into the forces and influences that determine organizational effectiveness. Features of Classical Theories: The principles laid down by classical theories have the following features: 1. It emphasizes the universality of principles of management. 2. It believes in a single best way of performing any task.

2.1. Scientific Management Theory

Fredrick Winslow Taylor, the father of scientific management, first formulated the principles of scientific management in 1911 in a book titled Principles of Scientific Management. It is believed that he conducted over 4,000 experiments to arrive at his theory. Scientific management is based on a "best way" philosophy. That is, there is one best method for performing each job. The scientific management technique was the first formal investigation of the level of structure in an organization. According to the scientific management school, the following principles are very critical for managing organizations effectively: Develop a science for each element of an individual's work, which replaces the old rule-of-thumb method. Scientifically select and train, teach and develop the worker, and provide equitable division of work and responsibility between management and workers. Cooperate fully with the workers by providing all the execution data needed by the workers to do the job according to the science. Ensure hearty cooperation between management and workers.

According to scientific management, the flow of work could be increased by the analysis of every activity, elimination of movement by placing tools and supplies within arm's length, measurement of work, grouping of all planning together in a planning department, and the increase of learning time needed to perform a job. The ultimate goal of scientific management is to achieve maximum prosperity for employer and employee—not an organization's goal to maximize worker happiness as in the influence style of modern leadership, the goal of achieving social goals as espoused by management and organizational behavioral leaders, or the goal of helping an organization meet its strategic objectives.

2.2. Administrative Management Theory

The principles of administration constitute the core of administrative management. The principles are derived from experience and research. They relate to special processes of the continuity of enterprise. They have no concern with those operations which are touched upon by broad principles of management. The principles of administration have been derived from the work of early managers to solve everyday problems of administration. They have not been derived on the basis of experiments. They have been supplemented by the work and experience of the non-managerial staff in the maintenance of enterprise.

According to this school of thought, the practitioners of the art are the best people to determine the fine details of their particular enterprise. It was Henri Fayol who developed a general theory of management. He defined 'administration' to refer to the process of getting things done through people formally organized in a particular type and pattern of relationship, for the achievement of specified goals. All managers perform five functions: planning, organizing, commanding or directing, coordinating, and controlling or measuring. Fayol identified five elements of the administrative process: juristic, functional, process, structural, and finances. Fayol described the theory and principles of management in his work.

3. Neo-Classical Theories

Neo-classical system is defined as a theory of organization, which held sway for over a century, as the "purified" form of the overall theory. It is rooted in a tacit movement to break with bureaucracy. The neo-classical theories can also be described as the human relations theories. The school represents the culmination of developments in the field of administration carried out in England and the United States during the period 1920-1950. The purpose of the studies was to offset the

overemphasis on structure and physical arrangements, at the expense of understanding human behavior. They represent a movement away from the "economic" school into the "social" school of management and organization. Part of the movement of the neo-classical theories was concerned with social factors inside the organization, the relations between the members and their leaders.

In his work, he places more emphasis on the social and less on the individual and social/socio-organizational relations with the environment. In their study of management problems and public administration, they identified motivational differences, the role of selective information, and communications as substitutes for monetary incentives. They also made an analysis of authority, power, and control. In a way, it evolves from a theory of people with an interest in principles of coordination to a theory of the organization distributing them. The way of evolution was driven by the internal and external environment, the research tradition, the knowledge need, the social context, and problems of higher management levels and their failures. The key elements of this theory, which led to the reconceptualization of organization from a theory of coordination to a theory of distribution, were brought by integration, coordination, control, and their relations.

3.1. Human Relations Theory

After the implementation of the aforementioned classical theories, many modern theories of organizations began to emerge, with a greater emphasis on human relations. The Human Relations School of Management became popular in the 1930s, following an experiment. It was found that moral and productivity increases were less of a technical nature and more of a social nature. Workers were found to feel better in a group and achieve high work output. The theorists of this school could not ignore the psychological and sociological dynamics of the workers at work. This started a new direction in the investigation of the causes and cures of the principal industrial and social malfunctions. According to this theory, organizations function effectively by meeting the needs of human relationships, understanding employees' behavior and attitudes, and giving them an opportunity to satisfy their social needs.

The human relations theory suggests that an organization could be more efficient by creating a cooperative climate that depends on a genuine attitude toward employees and an understanding of their basic human needs. The social needs of the supervisors are carried through their willingness to provide assistance and help the

staff from time to time. Critics of this theory say that its primary emphasis is on the non-rational actions of the workers in satisfying their own needs, rather than the organization's objectives. They further postulate that this theory assumes that workplace satisfaction is an illusory goal that will always be aspired to and never reached. Critics then argue that the sole result of this approach would be substantially decreased output and product quality. By voluntarily changing its actions to accommodate human needs, many of the major insights and modifications offered by the school have been absorbed by traditional organizational thinkers.

4. Contingency Theory

The focus of the contingency theory is on attempting to explain managerial behaviors in organizations. It may well appear to be a contradiction when dealing with what is supposed to be the most modern of the organization theories. However, as it is defined, it is a perspective as well as a class of theories; it is one of the most widely adopted models of organization theory of the present day. This is due to the fact that the environment has been changing at a highly accelerating rate since the 1970s, making the changes and how they affect the basic organizational design a very challenging task.

The contingency theory views organization designs as being dependent on the circumstances. The need was felt for switches in emphasis from trying to find the best way of organizing in an environment of stability to a complex environment of change, which demanded different strategies for the different situational requirements. Structuring and operating an organization must be based on and will depend on the size of the organization, the external environment, the technology, the internal subsystems of the organization, and the controlling elements in the environment. It was not that these factors were not brought up earlier, but for the first time, a theory was developed to expose the circumstances under which either factor was important.

4.1. Key Concepts and Principles

Modern theories include socio-psychological, systems, or contingency theories and others specifically evolved to counter some of the weaknesses and limitations of the classical and neo-classical theories. These modern organizational theories are different from each other, but none completely and solely reject the classical principles. They all remain working principles of modern management. The sociological, psychological, and systems approaches underline the importance of

human beings in an organization. Organizations are composed of human beings; in other words, the activities and functions of an organization are performed and directed by human beings depending on the organized resources. The human inside the organization portrays the means and the end. Socio-psychological and systems theories also seek to streamline the organization against its external organizational environment and to gain sustainability within it.

The emergence of modern organizational theories can be recognized as a response to the limitations of classical and neoclassical theories. Even though the emergence was a response leading to certain modifications or expansions of the basic classical structures, modern theories remain owing to some of the classical, and especially scientific management principles structurally. None of the modern authors has completely discarded or rejected these classical principles and practices, nor do they have any scruples about actually owning and using them. Moreover, these modern theories can also be seen as a portion of that evolution in itself process. These theories also bind traditional principles in harmony with them rather than disbanding them. Alongside, classical principles are also exercised in harmony with most of these theories.

5. Systems Theory

The concept of an organization can be viewed as an open system satisfying a number of functions. A system is defined as a set of interacting elements that are monitored. In the case of an organization, its role is to satisfy certain civilized requirements. From the system's viewpoint, therefore, societal requirements are the needs that must be satisfied. The concept of needs and the way modern organizations attempt to satisfy them is inextricably tied to the concept of the system and its environment.

By defining societal needs in a very broad sense, it is relatively easy for managers to identify the point of equilibrium at which the needs begin to be satisfied. This point is the 'impact boundary.' It is the point that defines an organization in relation to its surrounding environment. If one views an organization from the outside, one will identify both the societal needs to be met and the impact boundary that defines the point at which the organization is supposed to satisfy them. This combination of needs and impact boundary can be said to be the definition of an organism. Although many writers include all environmental elements in order to define an organization, they place cutting points to avoid false conclusions. For example, in an

emergency, the external criteria used normally would not hold, so that organizations would be expected to overlay natural events rather than being constrained by them.

5.1. Organisation as a System

The system theory and the contingency theory are the major contributions of modern theorists. According to these theorists, the organization is made up of four groups of members: operative members, executive members, non-members, and negative members. The norms of the groups differ from each other. The aims of the groups are also different. There is complete functional specialization. The operation is the goal of the organization and is common to all the groups. The executive is the decision-making authority and administers the operations according to the needs of the organization.

The executive is the central authority in the organization. The organization is made up of the operating and decision-making groups. They have distinct roles to perform. The roles are complementary and interdependent. The organization has the common objective of production, just like an animal that has a common life process. Thus, the organization should be viewed as a system. The system must be created and operated by the executive in an orderly manner to achieve its purpose. A system consists of energy, and the energy producer and operator can work independently and are able to vitalize one another. The system theory leads to the principle of a balance of autonomy and control. The system has internal and external relationships, just like an animal having a life process with its inner structure and the environment. It has a number of elements and is entropic. The system requires a certain amount of input and system maintenance costs. The operation of the system also has marine feedback. Common purpose gives order and unity to the system. It is defined in terms of the ties that bind its elements together. The organization should, therefore, operate as an organized whole. The systems approach is an analytical device and not a management philosophy.

6. Sociotechnical Systems Theory

Sociotechnical Systems Theory is the result of a study of workers in a Norwegian radium plant, led by social psychologists Trist and Bamforth. This study, financed by the Norwegian government and carried out over six years, is a classic in organization studies, led to the foundation of a consulting and research firm, and was extended into other types of industries and into joint union and management

programs in Norway. The theory suggests that the work and organizational social systems are themselves mini-societies and that the various attributes of the work - the motor activity, the tools, the instruments, the social structure of the teamwork - are probably functions of the psychological and cultural systems. The logic of matching these two systems has been further extended to the context of the political system of society.

The sociotechnical systems theory now speaks of organization and reorganization as systems design, based on democratic and normative forces, rather than on management and counter-management. And the theory seems widely supported. Meta-analyses of sociotechnical change interventions suggest a high probability of positive outcomes for the enterprise, for the trade unions, and for the workers. The intuition underlying this theory fits with findings from numerous fields showing the beneficial effects of internal and external control of reinforcement over self-control. Additionally, the sociotechnical systems theory follows from the study of regularities in the life of industries that the workplace, if so chosen, can provide a major resource for learning new solutions.

When we try to enhance the fit between the man-machine-work system and the man-work social system, we also move towards other solutions a little to the side. Regarding the two major social systems of society - work and family - significant implications of archaeological studies and reasoning developments of the sociotechnical systems theory in organization science can be found. Such efforts to enlarge the vision and the ambition of organization-specific interventions touch the nervous fiber of current feelings and needs of our advancing societies. For the employees in a given firm, the economic range carrying a quality of work is limited. In contrast, the rules of quality of work will often have a much stronger content than the mere limitations of employment: they will serve deeper questions about the feelings of professionalism, obligation, or duty that stem from different cultural sources and lead in many different directions. The techniques are there, and they are not challenged; the way they can be put into the service of so many different streams is what challenges the sociotechnical systems theory.

6.1. Integration of Social and Technical Systems

Proponents of the ideas of integrating social and technical systems have assessed and evaluated the basic assumptions of the MIS-DSS approaches to the nature of the relationship between organizational systems. One view is the "Bloody and Hell

Theory." The crux of the Bloody and Hell Theory is that organizations need to instill a tolerance for chaos together with a respect for the ideas and opinions of others. They have to be able to balance the introduction of new and unfamiliar things with learning to cope with uncertainty. The second view is the "Economic View," which claims that organizations change as a result of changes in the value of the cost of delay in the delivery of information.

Finally, the "Integrate" view argues that since no single set of goals and objectives can suit every managerial and administrative function in an organization, the way an organization chooses and institutionalizes a set of goals to guide the progress of its DSS approach to the automation of the MIS has a significant impact on the direction and extent of change. The resource dependence view of organizations, which fits in the "Integrate" view, argues that when organizations pay an exorbitant price for dependence, whether it be on particular human beings, tools, or hardware, or on an identification card, it is argued that organizations suffer a loss of freedom and that they can pay to reduce the cost of unwanted dependence. It seems that MIS/DSS is closely aligned with the overall issue of the management of change in organizational systems. Some of the findings that have emerged from the field of change that can be directly applied to MIS/DSS, thereby increasing the likelihood of success, are realistic planning horizons in organizational development and the use of a builder team concept.

7. Chaos Theory

Changes are the only permanent facts of life, and therefore discussion and analysis of change constitute an important part of the theories of organization. Yet most of the major theories of organization have considered only a very static picture of organization or concentrated on small changes rather than dealing with major upheavals and chaos surrounding them. However, it is observable that managers and organizational change agents are usually seeking ways to place clarity and logic on confusion. Though they may practice the art rather than the science, it is often advocated that they should derive their models, in dealing with organizations, from principles of chaos. Chaos has recently been described as not the old form or content but rather as unity borne out of the fusion and internal change. It is described as a revolutionary theory and not an expansion of our usual understandings. It has been called a theory with dangerous implications, paradoxical, counterintuitive, and radical rethinking of its tenets.

It represents a sharp contrast to the traditional model of organizations based on order, goals, planning, rationality, and logic. Where the rational models of the organization assume that the future can be predicted based on present and past behaviors, chaos theory suggests that nothing is completely predictable. It argues that randomness, not rules, means organizations do not have to be approached by principles governing rational order either in the short term or in the long term. Chaos arguments focus on some phenomena that are basically unpredictable and fundamentally unbounded and uncontrollable.

7.1. Application in Organisational Studies

In the next section, how the systems concepts are being used in various theories of organization will be reviewed. Emphasis here will be on the range of possible uses. Then, in the section that follows, several problems in current organizational research will be related to the schemes of viewing the organization, and some implications for their resolution will be assessed. Finally, some of the areas of application have been systematically initiated.

By far, one of the most widely used concepts in studies of organization in recent years has been precisely the concept of system. In many cases, the system concept is applied only in a metaphorical way, but for a group of theories, the structure of a system is one of the key concepts in dealing with the organization. However, the uses of the concept in the various theories vary so widely that it is not often perceived as different concepts. For well over a decade, students of contemporary social organization have been using a set of systems concepts in developing theories of organizations. The basic study in the human group is the traditional field of empirical social scientists from organizational behavior. Social anthropologists and sociologists who study small-scale and meso-scale phenomena have also been examining organizations. In general, the schools of thought that apply theoretical and practical excerpts to the problems of social organization are among the most concerned with the process whereby the phenomenon operates as a system.

First-generation applications of cybernetic concepts to organization were largely carried out by operational researchers and social decision theorists. The subset of applied research in which the findings are transmitted by trained management consultants or by commercially operated research organizations is very much the same for both types of phenomenology. This is merely a reflection of the state of development of each approach, since each was initiated and has thus far flourished

in a similar type of intellectual and economical environment. Indeed, the perceived significance of cybernetic science and phenomenology as approaches for the study of managerially and organizationally relevant systems and their theoretically based, practically implementable tools of analysis far outweighs the use made of them thus far. Regardless of whether objective truth must remain the ultimate criterion, what has been achieved by the earlier wave of management consultants and by contemporary operational researchers underscores the great potential of applied cybernetics.

8. Complexity Theory

Complexity Theory is an offshoot of Cybernetics and General Systems Theory, but it also derives in part from chaos and catastrophe theory, as well as other areas of investigation, such as fractal geometry as it applies to economics. Complexity Theory straddles organizational problems within a larger social and biological framework. There are five principles to bear in mind with Complexity Theory. The first principle is that the simpler a policy is, the more likely it is to be either superficially fraudulent or, if it is capturing only some aspects of a more complex truth, the more likely it is to have unforeseen and damaging implications for some significant but unrecognized aspects of the problem territory. The second principle is that the more a policy is designed to be internally consistent, the less likely it is to be externally cogent with the development of the problem. The third principle is that the more management is designed to look good for as long as possible, the worse consequences it is likely to have. The fourth principle is that the more powerful the management, the less likely it is to be able to bring about the constructive change needed for real success and lasting performance. The fifth and simplest principle of all is that only complexity can handle complexity. Rules, formulas, and targets, along with easily understood habits of good practice, deliver at best superficial change, often at a high cost; they seldom change the nature of the beast. Complexity refuses to be ignored; events and consequences keep coming back and taking over by ignoring important aspects of the conceptual framework of what is actually happening.

8.1. Nonlinear Dynamics and Self-Organization

The concept of "self-organization" is the focal point of recent developments in the theories of organization. Five ideas dominate this approach. First, organizations are seen as complex systems consisting of numerous, diverse but interrelated elements

(both human and non-human). The behavior and performance of an organization is said to emerge as a result of the interaction of these elements. Furthermore, this behavior emerges "spontaneously" in the sense that it cannot be reduced to the sum of the behavior of individual elements or to the top-down commands of the output of mapping of a general model onto specific situations. Second, the interaction between these elements is assumed to be through reciprocity, a mode of interdependence whereby elements either determine the alternatives available to other elements through their behavior, or they are so linked to each other that the behavior of one affects the behavior of others, iteratively through a feedback loop. Third, it has been argued that such a feedback loop is not necessarily the cause of regular, periodic, or repetitive patterns. Much more often, such feedback tends to generate irregular or chaotic outcomes, the dynamics of which may be sensitive to differences in measurable features of the elements or their behavior. These are known as nonlinear dynamics.

9. Network Theory

The Network Theory highlights the significance of personal relationships. An individual's work and personal life are deeply intertwined, and the links differ in strength, form, intensity, duration, and the information transferred through them. They do not stand apart in their professional avatar. The Network Theory believes that since an individual is not autonomous, his decisions are influenced by peers and associates. His decisions will reflect the web of relationships of which he is a part. The associated influence the individual in various ways through emotions, knowledge, choice, etc. There is an element of co-dependence on each other. This is so because the person's goals and actions are not fixed and emerge from the course of action of discussing and debating important decisions, which are mutually interrelated. They also control and dominate people's choices and decisions.

9.1. Social Network Analysis in Organisations

Social network analysis offers some useful methods for studying organizations. Indeed, we may use the concept 'social network' in a general sense to refer to any set of actors, or nodes, tied to one another by one or more types of interdependencies, such as friendship, advice seeking, or common beliefs or actions. The set of nodes includes actors at all levels, usually people as individuals. Sometimes we label the nodes according to their positions, such as leaders, who may also be informal to some important extent. Hence, we may label the 'social

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network' of an organization differently, depending on the object of analysis, such as: 'advice network', 'power network', 'power center', 'informal leader', or 'sub-culture', as we may call those employees cohesive to a certain extent by informal groupings. In short, the label automatically signals who the relationships refer to among the actors, and what the purposes of such relationships are – the original motivation of researchers.

Evidently, nodes differ concerning the numbers of linkages, and amounts or qualities, types, and patterns of connection between the nodes, or the so-called structure. Such structural differences comprise both the strength of ties and the personality of ties, the direction of influence flows, the motives of the actors, and the subject of the exchange, and so on. These shape the character of relations, the process of interaction, and the position or standing of the actors within the network. People somewhere have suggested, albeit this suggestion has certain dates and controversy, that the numbers of linkages and the positions of the nodes have some effects on organizational processes and performances – where the age and nodes of nodes have some moderating effects. Hence, networks, based on objective measurement of ties, may be seen as specific micro manifestations of the more often less measurable, and often seemingly obscure informal variables like power, leadership, and sub-culture, integral to the modern theories of organizations.

The mapping of the social network of an organization simply means leading formal and informal structure. The methods of doing this may be as sophisticated as surveys and interviews, or as simple as judgment by observation. More specifically, non-self-evaluative questionnaires like sociograms, free-list methods, name generator methods, and indirect or projective techniques are described below. Sometimes, before using these methods, or in attempts to avoid the difficulties of these direct methods, informal leaders may be asked to design the social network. However, the map is not the territory. Hence, the use of triangulation is not only desirable but necessary – we need to measure network centrality from as many methods and as many perspectives as possible, not simply rely on what one node of the network has to say.

In summary, social network analysis provides a powerful methodology for the examination of the framework of relationships of an organization. The actors themselves possess the most reliable data, though dealing with such sensitive information can cause privacy invasion. The researcher may be absent from the

processing of the data, because the data may be accurately and objectively collected through simple direct questions. Variable analyses may be conducted, using the map to show the data and to interview and question individuals involved in the mapping process. Then one may design questions based on the network statistics to offer deeper analysis. In addition, the tools and kits available for sociometric analysis, including sociometric maps, centrality and structural equivalence, and other such procedures, are themselves interesting and unorthodox. Nonetheless, their measurement should be undertaken alongside, and not instead of, the use of other methods and theories; otherwise, we will be left with empty and irrelevant glossaries only. And, hence, the contribution will be beyond micromodel.

10. Institutional Theory

Institutional theory is a widely respected perspective in organization theory. It explains the existence and functioning of institutions. Various disciplines like sociology, political science, economics, anthropology, and organization theory use the ideas proposed by institutional theory. It is considered a theoretical perspective that emphasizes the importance of institutions for various aspects of organizational design and performance. The theory is generally divided into two main parts. The normative version, created by sociologists, emphasized the prevailing social norms in society. This version created an isomorphic change in organizations. The other version, created by economists, stressed the importance of the rules and regulations established by legal bodies to coerce organizations to behave in a certain way.

10.1. Legitimacy and Isomorphism

One notable group of modern theoretical perspectives observed in organizational studies is called institutionalism, which focuses on those aspects of organizations that are driven by pressures from society. According to the traditional Weberian approach, organizations were seen as initiated or developed by the powerful and then used as instruments of that power. However, from this perspective, dominant factors are seen to be the levers that operate on organizations: rewarding effective and efficient organizations at the expense of the existence of the less efficient.

Institutional theory stresses that powerful groups in society give certain tasks to organizations and allow them to develop in certain ways. In so doing, they are both setting the boundaries for acceptable behavior and are indeed also creating the reward systems for success. The argument is that organizations are social entities that reflect the norms and values of society and the powerful institutions in that

society. The causes of modern social and economic order go beyond the use of power as enforced by the activities of the powerful. Organizations are not arbitrary organizational devices or entities; however, they are both influenced and constrained by the normative elements of the environment for evident reasons.

The idiographic approach to institutionalism does, as in much of management, suggest a decentralized and variable collection of mechanisms that can generate pressure on organizations from a wider spectrum of societal forces. While dominant ideologies or political institutions may shape organizational development, they are more than specific exercises in an elite restructuring. So the general effect of the actions of governments, consumer bodies, and even pressure groups needs to be considered. Organizations within the public sector, for example, have varied objectives but face consistent pressures for both planning and control. These do not derive from an attempt by a central authority to limit the latitude of managers, then or now, but reflect the institutional frameworks that have both reflected societal pressures to measure or account for the performance of organizations and also drawn upon such institutional efforts to regulate and control performance themselves.

11. Resource Dependence Theory

Pfeffer articulated very well the impact of 'that simple and yet important fact: organizations need resources, and resources are manipulated and allocated by external institutions and individual power-holders, many of whom have goals of their own.' He cogently argued that this dependence relationship was the 'defining characteristic of the organization' and that organizational theorists 'have created confusion by concentrating for the most part on the factors that determine the range of structures and forms that organizations could assume and not on the generally accepted models of organizational activities.'

How do we then go about conceptualizing this response? Organizations need resources and those resources are embedded in multiple external dependencies because organizations and their members are not entirely self-sufficient. Resource dependence theory has essentially to come up with hypotheses about which kinds of organizational structures and systems are best suited for developing long-term relationships with significant other organizations and individuals (reducing risk and dependency) or seeking to reduce reliance on outside actors by bringing activities inside the organization.

11.1. Interdependence and Resource Acquisition

The modern theories of organization may be further grouped into those of interdependence and resource acquisition. The organization becomes necessary because more and more individuals become associated with the use of certain resources or with the performance of certain activities, and the outputs may have considerable resemblance. Then every activity will be transformed into the aspect preferred by every individual concerned in accordance with their preferences, assuming that they acquire the necessary resources. However, this procedure assumes considerable production skills for all individuals concerned. It can be shown that specialization based on the degree of resource must be assumed. Organization arises because of the association of many individuals in a common activity and through resource pools. Interdependence has many consequences that make the study of this special aspect of organization more desirable.

The need for the organization springs from the choice of a non-interpersonal production technology, which is the case in this specialization. Technology becomes the producer of various resources or activities. Individual producers must now acquire the resources and conditions to suit the production technology. But a production decision is feasible only when the producers fully cooperate, wherein specialization becomes necessary. Some of these costs are borne by independent production at a higher level of general economic activity. But if full cooperation is possible, then any group becomes an organization. Despite simple resources, the organization becomes a complex entity. The interdependence of all activities gives the organization an entity character that supports the managerial claim to scarce future resources. Therefore, the managers specify economic actions, monitor what other individuals within the organization do, and attempt to remove the surprise elements due to the limited rationality for all participants.

12. Organisational Ecology Theory

Organizational ecology theorizes that populations of organizations parallel populations of species in an environment. This population model emphasizes the life cycle of populations as a determinant of their structure and performance. Populations of organizations can be divided into several types. Mature organizations form a stationary 'main street.' Some specialist organizations, such as entrepreneurs or protector organizations, are developing. Yet others are too specialized and precarious, viewing diversity as part of the same process whereby new

organizational forms emerge and existing ones decline. Processes of diversity and competitive selection lead to the rise and fall of organizations as they try to discover or monopolize niches within their networks. Failure to create advantages relative to existing organizations leads to the decline and death of the organization. Organizations, therefore, constantly innovate, diversify, cooperate with other organizations, and alter their structures and embed themselves within networks in which they are based on both their niches and financial, legal, and social resources.

12.1. Population Ecology and Organisational Diversity

This theory is concerned with the ecology and evolution of organizational populations in situations of complex interdependence between many different types of organizations. Organizations are subject to influences from the technological environment, the resources available to them, the capital markets, the product, service, and labor markets, the control and care markets, and the regulative environment. Major disruptions in these environments will create openings for performance differentials to appear. The variation on which the evolutionary process of density-dependent organizational services acts appropriately means that the behavior of one organization will serve to change the nature of the constraints of the other members of the ecology.

Some of the potential mechanisms available for acting on the constraints include a reliance on strategic metaphors for the creation of new organizational forms, the redistribution of the environmental conditions, the alteration of the goals of the organization, and the dropping of less effective internal constraints. During the process, some of the organizational members may find themselves involved in the homogenization of the remaining members while diversifying in terms of capabilities to await the next disruptive event. These conditions tend to result in a level of organizational diversity in a given ecological niche. Population ecology provides a useful prompt to develop strategic capabilities.

13. Knowledge-Based View Theory

Unlike organizational learning theory, which focuses on how organizations accumulate knowledge over time, the resource-based view shifts the focus to examining the firm's stock of knowledge at any point in time and attempts to understand how organizations leverage that knowledge to create sustainable competitive advantage. The central premise of the knowledge-based view is that knowledge is the most strategically relevant of the firm's resources, and because it is

intangible and tacit, it is the most difficult to imitate, substitute for, and trade in relative to other resource classes. Importantly, the knowledge-based view posits that knowledge has the distinct advantage over other resource classes in creating and capturing value in that it is both a source and a repository of value. This is referred to as the knowledge-based view of the firm.

The knowledge-based view of the firm shares many features and postulates common aphorisms with the resource-based view and literature pertaining to organizational learning. In fact, scholars who operate within the knowledge-based perspective will often reference literature that lies on the periphery of the knowledge-based view paradigm, such as the literature that tries to explain the creation and deployment of the firm's transitive knowledge. In the literature, however, it is identified as a distinct knowledge-based type of firm only very recently, and it was presented outside the strategic management domain.

13.1. Strategic Management of Knowledge Resources

The conventional strategic approach emphasized the need for organizations to focus on core competencies and to enhance their dynamic capabilities through knowledge management processes. The knowledge resources view challenges the implicit pessimism of the competitive forces views with a more optimistic perspective - a firm can be a knowledge leader if it has the will to prepare to be one. Also, the resource-based view is a useful reminder of the critical role that 'non-market' strategy activities play in supporting and leveraging a firm's external market strategy. The emergence of knowledge resources as a strategic theme is not without controversy. There has been much discussion about the strategic potential of one form of knowledge in particular, namely information technology in general and the Internet in particular. This theme also helps to pick up the thread of resource-based theory and the pursuit of knowledge resources as a means of competitive advantage. While the pursuit of lower costs is always of interest, the focus of this theme is to recognize situations where potential or existing value is under threat and can be preserved by the use of 'knowledge'.

14. Agency Theory

Agency theory seeks an answer to the question: how do we have an organization that is designed and operated to minimize the cost of a more traditional production function? The firm interacts through contracts, and agency theory provides a framework for analyzing those contracts. It essentially emphasizes constraints

rather than opportunities confronting organizational decision-makers. For organizational theorists or practitioners who think in classical management terms, it is just as important to understand what management itself can do as it is to understand what management might do to enhance and affect the ways in which non-owners can monitor, constrain, finance, and otherwise help make more congruent the organizational and individual incentives and hopefully enhance overall wealth creation. A series of unusual or extreme contracts can be used to overcome most organizational problems, to substitute for or even destroy elements of an organization; in turn, an understanding of the rules and details of contractual relationships helps us better understand and predict organizational behavior from the outside. It should provide us with a better understanding of overall organizational implications for situating decision-making. Since the theory begins with the individual model, the prescription for making society's allocation of scarce resources as efficient as possible involves working entirely. Only a minimal and incomplete picture of the organization is needed to understand fundamental or ultimate objectives.

14.1. Principal-Agent Relationships

Being the principal of the firm, the agent might not necessarily be concerned with the same organizational objectives since their interests may not be congruent. The principal needs to design organizational arrangements to induce the agents to act in a way that maximizes the overall interests of the firm. Managers have specialized expertise that the principal does not have, so the principal will rely on the manager to make certain decisions on their behalf and manage in a manner that allows the principal to judge the actions and apply incentives to motivate the manager. The manager, being risk-averse, which is different from the risk preference of the owner, might not behave in ways that maximize the interests of the owner since they will either not receive the total benefits associated with ownership or the manager will not be successful in capturing all the benefits.

This means that there are likely to be conflicts of goals and interests within a firm, and these are the principal-agent relationships. The manager, as an agent, participates in both the capital and the product markets, so they have private information on costs, returns, and investment opportunities that are not available to the principal. This creates an agency relationship characterized by information asymmetries. The costs associated with these conflicts are expected to vary depending on the agreement reached in controlled coordination throughout the

organizational structure. The nature of this relationship, together with the monitoring costs and the costs of provisioning for incentives and discretionary benefits, is expected to affect the firm's choice of organizational alternative.

15. Transaction Cost Economics

Transaction cost economics is concerned with the cost of making transactions. This approach contrasts with early microeconomic theory, which is based on frictionless exchange, including perfect competition and pure price theory, but does not explain the existence of firms or a nontrivial structure of prices. It also contrasts with the neoclassical theory of the firm, which is mainly an organization theory focusing on a subset of contracting issues between business units concerned about lower production costs instead of transaction costs. In contrast, transaction cost economics is based on the claim that the structure of production is an aspect of economic organization determined by the cost of coordinating different economic activities.

A transaction is defined as the transfer of something of value by two or more independent units and is a central object of investigation in economic theory. The theory rejects the ideal market model because of its many unrealistic assumptions, and careful empirical work over time in the areas of pure theoretical game theory, contract theory, case studies, and statistical studies using surveys reveals substantial deviations from it.

15.1. Make-or-Buy Decisions

Conventional theory has suggested that an organization should always carry out those functions which lie within its profit center and which would therefore be cheaper if produced internally than bought in the market. This narrow perspective assumes that the costs of production are the only factors that should be taken into account, and that no other functions have to be performed or that they can be performed equally well in both cases. This approach takes no account of the management's list of problems which go into making up the various functions. Nor does it specify how profit centers are defined. No two organizations are usually producing or are in a position to produce at a minimum cost identical lists of functions. Therefore, a comparison of internal costs with market costs does not reflect real alternatives facing management.

We can think of organizations as a set of variously defined concentric profit centers. The market is the outer profit center; the central one is made up of the firm's main line of business - its core activities - whereas the remaining profit center defines the range of activities which the firm can carry out profitably, but which lie beyond the central core. Non-operating costs are those that we normally have to incur in any circumstances, e.g., in producing a marketable output through production or through buying the services on offer. They are common to all organizations. Thereafter, the next immeasurable cost would be obtained by the selective use of one of the available functions, and from that point the operations are all efficiently within the company. The minimal internal cost defines the composition of the inner profit center, which depends very much on resources available to the company. All of the profit centers contain activities that are either too variable, too complex, or generally fall outside the organizational feasibility test. With the latter, consider the managerial problems that arise in contemplating the operations for a particular group of functions.

16. Organisational Learning Theory

Organizational learning is the process of forming and adapting to existing norms, beliefs, and values in an organization based on past experiences. Organizations that hire new employees or members often face the challenge of training them to adjust to organizational rules, practices, and objectives. An organization with an effective organizational learning infrastructure can adapt to changing market conditions. A business that recognizes a loss of sales revenue because of an unpopular company policy can change the policy based on customer feedback.

Learning does not stop when an organization adapts and coordinates itself with the needs of its environment; effective learning permits an organization to manage its environment and alter its current situation. According to organizational learning theory, the process of internalization occurs when a group of employees assesses the organization's external environment and then advocates internal change. Organizational learning and memory are bedfellows. A deficient memory hampers organizational learning. In the same vein, a lack of learning leads to complex decision-making processes remaining at an impasse. Conversely, the problem is further compounded by an organization that can no longer bring itself to address its diagnosis. Such an organization will have a greater affinity to ignore the remedy available for similar future problems.

16.1. Single-Loop and Double-Loop Learning

As we have mentioned, in recent years, it is becoming more and more clear that the economy is quite sectorized; that is to say, it is composed of a great variety of systems, services, and processes. It has been more difficult for traditional establishing and organizing principles to provide the flexibility necessary to respond to the level of complexity required by these varied systems. In addition, a theory of the person, of management, and of the organization that is valid only for a part of a great whole cannot be considered final. At first, the economy is a matter of people. It is these people who produce activity, knowledge, and revolutions. The person is the most important asset of the company. They are the spirit of the company.

Two diverse types of theories are presented in the theory of the organization: single-loop learning or correcting actions and double-loop learning or reframing, which found its base of support in organizational turnaround studies. Despite the fact that the two theories are presented separately to better explain them, it is necessary to point out that the same group or person can practically act interchangeably in accordance with the requirements of the moment to ensure the survival of the company.

17. Dynamic Capabilities Theory

A newer contemporary resource-based view of the organization is the dynamic capabilities theory. Dynamic capabilities are defined as "the capacity of an organization to purposefully create, extend, or modify its resource base." According to the theory, competitive advantage is the result of the organization's ability to integrate its resources and competencies to respond optimally to changes in the environment. Dynamic capabilities operate at three levels: sensing the external environment and seeking out potential opportunities, seizing opportunities quickly to capitalize on them before competitors can catch up, and transforming the organization for the future. Thus, the theory places a significant emphasis on realizing and responding to the need for change in the organization in order to sustain competitive advantage.

1. Introduction 2. Resource-based View of the Organization 3. Core Competence Theory 4. Competence-based Strategic Management 5. Distinctive Competences Theory 6. Organizational Capabilities Framework 7. An Integrating Framework 8.

Network Theory 9. Competing Values Framework 10. The RBV and Industrial Organization Economics 11. Some Challenges 12. Conclusion

17.1. Strategic Adaptation and Renewal

Strategic adaptation or renewal refers to the ability of an enterprise to adapt or renew its unique competencies and innovative efforts. Strategic adaptation implies a lesser shift in the organizational paradigm; in the context of strategic adaptation, analysis and choice reflect the necessary reciprocal relationships and trade-offs in the external, internal, and historical environments to continue to achieve the objectives. This process is continuous and dynamic in nature. Yet, a balance or strategic stability point is built on the reciprocal relationships. Performance is viewed almost entirely as an outcome of the overlapping inputs of suitable strategies, operational activities, and capability-building efforts. Powerful changes in historical capability, affecting substantial resources, core competencies, or their complementarity rather than marginal or infrastructure skills, only have a delayed impact on performance. Competitive strategies such as cost production tend to emphasize stability.

18. Resource-Based View Theory

The Resource-Based View takes the organization as a collection of productive resources. Resources are inputs into the production process of goods and services. Resource goods are tangible, such as land, labor, buildings, and technology. Resources can also be intangible, such as the reputation of the company, human capital, social capital, or ideas. Competitive advantage for a company derives from the value of the resources and the unique bundles of resources that are controlled by the company. This competitive advantage leads to high profits and the continuity of profits. Resources could be physical, human, or organizational and need to be valuable, rare, imperfectly imitable, and non-substitutable. These resources could be property-value added and the source of property strategies that define corporate-level strategy. The RBV assumes that markets in which the organization operates are imperfectly competitive markets and that imperfection and resource mobility are not directly observable.

The VRIO framework provides managers with a basic understanding of the role of resources in achieving sustainable competitive advantage. The acronym refers to the four basic questions that a firm's internal strengths must be able to answer: Value, Rarity, Imitability, and Organization. In general, the resource-based view

suggests that a resource is more likely to be the source of competitive advantage the more that it fulfills a number of requirements that make the resource superior. First, the resource must be valuable. Resources could be a source of property value added. Second, resources must be rare. Resources are often seen as an explanation of a long-term perspective. Third, resources have to be imperfectly imitable. Fourth, resources have to be non-substitutable. Contrast this with perfect competition, where all firms can make the same profits, and the implication is that any resource advantage will quickly become public knowledge and will be utilized and competed away.

18.1. Internal Resources and Sustainable Competitive Advantage

1. Introduction: Internal Resources and Sustainable Competitive Advantage The hare and tortoise analogy has some applicability in our journey through the theories of organization. Theories of organization in the last 30 years, when considered from a macro perspective, could appear to have lots of theory but relatively slow progress. There has been something of a crisis in modern organization theory based on the belief that it isn't leading to any improvement in the current state of knowledge and understanding. This book has concentrated much more on the micro capabilities view of the firm. Nevertheless, the capabilities view is only part of the ultimate aim of possessing resources and capabilities that can offer sustainable competitive advantage. In this chapter, we will show how a firm's unique bundling of resources and capabilities can offer sustainable competitive advantage and investigate some of the complexities of how this might occur. In so doing, we link the capabilities view and the RBV perspective discussed in relation to strategic management.

19. Knowledge Management Theory

Development of the knowledge-based theory of the firm commenced with early research in the field of knowledge economics, which was preoccupied with the patterns and regularities of growth and long-term economic development. Modern interest in the topic is generally attributed to the efforts of a Nobel laureate who elaborated on the role of knowledge as the central ingredient of growth and development. In his now classic paper, Arrow sought to chart the origins of technological progress, discover the determinants of invention and innovation, explain why research and development intensities vary substantially from product

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to product, and analyze the impact of intellectual property rights and differential technological progress between sectors on the distribution of income and wealth.

The critical determinant of welfare is the ability to distinguish between goods that are free, non-rival, and non-excludable public goods and goods that are finite, rival, and excludable private goods. Private goods characterize most material products and goods that typically constitute the bulk of economic output, including energy, health care, and shelter. Public goods characterize knowledge-based products with a high intellectual content, variably known as computer software, databases, judgment, patents, talents, the arts, images, publications, reliable advice, and tutelage. The reward people enjoy when they consume a private good is to derive utility directly from consumption. The reward people aspire to secure when they consume a knowledge good is to acquire the twin benefits of consumption and experience. Most importantly, if the consumption of a database, patent, dance, or media service fails to replicate and transfer new information to the consumer, then virtually nothing is learned and very little is experienced. Knowledge-based goods are unique because they are difficult to guard and retrieve, and exist in a state of non-rival and non-exhaustive interdependency.

The "Cathedrals of Knowledge" metaphor of the knowledge management literature discusses the consequences of sharp differences in knowledge, expertise, and tacitness on organization design. This metaphor is the basis for our model. We discuss how knowledge access affects basic features of the organization, including the decision rights and coordination demanded of those responsible for those knowledge assets. We identify four basic tasks facing organizations — production, adaptation, coordination, and motivation — and discuss how overcoming these problems with respect to knowledge may be more difficult, or rather different, than is typically perceived in existing organization theory. We conclude that existing organization theory is biased against the development of organizations that take knowledge more seriously than do existing organizations. Moreover, we propose that the historical development of organization theory has been powerfully influenced by the falsehood of this assumption.

Knowledge management theory spotlights the growing interest in understanding organizational performance in terms of the effective development of a significant economic resource, which is the intellectual capital of the organization, and includes its processes. Knowledge management has provided many useful insights. For

example, it has shown that knowledge can only be managed indirectly by means of decisions that change the availability of knowledge. These range from pay systems that reward inventors to decisions on the development of databases that facilitate market intelligence. One of knowledge management theory's apparent drawbacks is its neglect of the broader organizational context where the management of knowledge occurs. Distributed decision rights and performance orientation are management aspects that shape employees' understanding of organizational goals. Without proper control, knowledge management will not have an impact on company goals.

19.1. Knowledge Creation and Sharing

The core competencies of micro-trade enterprises, which are to be competitive in the market environment, are to find sources and options for knowledge creation that are unique among competitors. To continue in the market environment of globalization clearly presents two possibilities: either to exist and survive with difficulties due to tough competition that makes life increasingly challenging in external business relations, or to invest in development activities by utilizing the existing and newly found competitive potential of the region, which, because of geographical and historical reasons, is partially closed. One such competitive potential located in micro-trade enterprises is the ability to create, apply, share, protect, and utilize knowledge that is more suitable than that of competitors on a permanent basis.

The text presents considerations of the aim, role, and importance of knowledge creation and sharing. The examples show the share of those enterprises that create or independently generate knowledge belonging to them, and thus they are able to generate and maintain high profits. Because the fast innovation process creates actual value, enterprises can share innovative knowledge in all possible ways, provided its use leads to the creation of a larger number of followers of that value in the world market.

20. Innovation Theory

This is the idea that new patterns will emerge from the conflicting interests of the individuals involved in an organization. The view that innovation may be generated as the result of conflict or bargaining within an organization provides insight into the nature of the innovation process. The model has much in common with other, more recent models of innovation - particularly where innovation is concerned with

process. A very rich model of the innovation process is provided by the sociological ecologist, developing the theme that the differing interests of people involved in the same organization can create conflict if they develop such an approach to the study of innovation.

The ability of firms to create new industry equilibrium follows directly from the premise that there are inefficiencies in the existing patterns of interaction between firms and between firms and other organizations. Part of the overall motivation for this paper is to develop a richer, more dynamic model of innovation and to explore the implications of the internal characteristics of organizations in both the communication over and execution of changes in technology. In each model, conflicts and disagreements are at the heart of the innovation process, whilst in terms of the material use of resources, no one becomes any the worse off.

20.1. Types of Innovation and Organisational Adaptation

After an overview of different types of innovation, we continue with the ways in which organizations adapt to innovation pressures, making use of the traditional categories of Taylorist, humane-social, flexible, and "organic" organizations. A new category in the field is the 'socioprismatic' organization that disregards the individual. The upper bound of organizational flexibility may depend on the time needed for the emergence of the collective recognition required for determining the future direction.

One of the driving forces behind recent efforts in enhancing the innovativeness of Western societies is the increasing notion that continuous and rapid change is a *conditio sine qua non* of modern society. Earlier demographic changes such as decreasing family sizes, gradual aging, fragmentation, complexity, ambiguity, and diversity of activities, multi-functionality, increasing individualism, and subsequent higher flexibility have already expedited the development of such an understanding. Technical-instrumental developments such as air travel, computerization, mobile telephony, and accompanying reductions of reaction time have also contributed to the cultural revolution that is taking place.

21. Change Management Theories

Change management theories have been a subset of the larger field of organization theory. They recognize the challenges experienced during periods of change and seek to provide a structured means by which a process of transformation can be

accomplished. It is important and useful to consider the various change processes and theories since continuous change is one of the few certainties of organizational life, which means that in the future everyone will need to be able to cope with the processes of change. The chapter considers both the individual's personal responses to change and the reaction of organizations, providing a taxonomy of change management theories. Just to be clear as to what is meant by the term change, basically it refers to a shift from its existing status quo, whether this be at the group, department, or organizational level.

21.1. Lewin's Change Management Model

Participative management gives more fluidity.

Lewin is recognized as the originator of change management. His model of organizational change can be seen as attractive to TQM change management because it fits well with the democratic or participative approach favored in TQM and was indeed developed at a time, just after the Second World War, when there was an upsurge of interest in replacing what was once quaintly called 'the autocratic system of management' with something closer to the ideas of industrial democracy which developed in the early years of the century at the so-called Hawthorne Works of the giant telephone company in the US.

Lewin showed that there are three stages in any change process: unfreezing, change, and refreezing.

In the 'unfreezing' stage, the situation in the organization is 'unfrozen', i.e., led to change, by the creation of motivation. 'The status quo is undermined so that a change can happen. This is done through showing that there is something wrong that must be put right, highlighting the pros of the new and getting rid of the cons of the old or some combination of these.' This is done in the main by changing the way in which the issue is perceived. For example, it states that 'the process of change hinges on the leader's communicating and modifying staff attitudes and organizational norms'. 'This may take much longer than is suggested by Lewin's three-step model.'

22. Leadership Theories

This theory is associated with the sociologist Max Weber. Weber is classified as an authority. He concentrated on the style of coordination and on the methods by

which the members of a society and a group are controlled or are made aware of their duties. He observed that the conduct or behavior norms are transmitted by the leaders who are in control. Control is achieved with fewer means, which results in efficiency. There are three types of authority: Traditional authority: Based on tradition and customs, this style often operates in a pre-industrial age with a strong chieftain. Traditional authority is passed on through heritage. Charismatic authority: It is vested in an individual who is seen as having particular gifts and qualities. This type of authority is found in societies with strong religious leaders or in times of crisis. Rational-legal authority: This type of authority is found in a structured society such as a bureaucracy. It is passed down via hierarchical levels and promotes consistency and fairness. The situational leadership theory contends that there is no single way of leading. It asserts that an effective leader adapts his behavior according to the leadership condition and the maturity and capacity of the employees or team members. The style moves from being very task-centered to relationship-centered. The theory is built around a matrix of four boxes, each combining the degree of organizational task, allowing the leader to change his behavior in order to provide the right type of leadership in every situation. This theory implies that the leader has an understanding of his style and its development and that he can modify that style in respect to the circumstances or leadership needs.

22.1. Transformational Leadership Theory

Transformational leadership theory is an approach to leadership that involves the leader's relationship with the followers. It concerns itself with their values, ethical and long-term goals, and ethical needs. It attempts to encourage and engage employees to take full advantage of their leadership capacity and enhance their performance to their highest level. It is a process of influencing the followers in a manner that enhances their motivation and performance, building a motivational atmosphere in the group. Transformational leadership is viewed as an extension of charismatic leadership, with the exception that it assumes the leader is also concerned with transformational outcomes such as self-actualization in the followers and is visionary in the sense that he or she has the capability to propose innovative or ideal solutions to organizational problems. Very little attention is paid to the relationship of the leader to those who consent, explicitly or implicitly, to accept his or her leadership. Yet the leader is not a leader without the consent and often the cooperation of his or her followers.

23. Organisational Culture Theories

Organizational culture theories have their roots in the sociological study of principles, norms, and values of culture. The concept of organizational culture, as it is developed in organizational studies, refers to the durable systems of norms of behavior and shared meanings within the organization that evolved over time. The organizational culture is therefore not identical to the formal objectives of the organization as they are formulated by top management, but it does reflect the informal relationships and written or unwritten labor contracts. In institutional-structural terms, organizational culture implies: (1) that the written and unwritten rules of the organization are responsible, even stronger, for the overall conduct of organizational members and (2) that informal norms, values, and principles of behavior will be congruent with the survival and growth of the organization - that they support the goals and contribute to the performance of the objectives of the organization. The effective implementation of formal organization imperatives through the motive of employee satisfaction embarks on a more humane approach to work in conjunction with the conventional precepts of economic man.

23.1. Cultural Dimensions and Organisational Values

In recent years, there has been a growth in interest in the study of organizational culture and its influence on the workings of organizations. This has arisen from several reasons. First, it is due to the increasing complexity and size of these organizations. The success, or otherwise, of the operations of these organizations has been explained in terms of their culture. Thus, for example, the poor performance of industry is often viewed as an outcome of the culture of industrial organizations. Such organizations have been labeled by some as preoccupied with 'short-termism' and the maximization of short-term profits, with no long-term view of the development of the organizations and their employees. An extreme subjective preoccupation with output goals at the expense of human needs and rewards, as well as the ability of the firm to compete in the broader market, is sometimes encapsulated in this culture. Yet such organizations are seen to be less effective than those that place greater emphasis on organization-related goals, such as the training and development of employees or the future development of the organization.

24. Ethical Theories in Organisations

Ethical theory is a complex subject because it is concerned with many different kinds of organizations, including non-profit, for-profit, academic, governmental, and

non-governmental entities. This variety results in a range of ethical orientations to organizational functioning. One influential approach to business enterprise is through the lens of business organizations as "moral communities," with business activity as a form of social activity governed by social exchange rules in the form of corporate ethical policies. A contrasting social-critical approach presents business corporations as addicted to unethical rather than positive social activity. An alternative ethical stance starts with an analytical differentiation of the different ways in which organizations and institutions may have ethical obligations, separating role morality from individual rights-based morality and social rights-based morality that distinguish organizations from supra-individual groups or individuals.

This account allows a political pluralist ethical system to explore real-life associations in organized systems aiming at goods for the good of these ordered associations without reduction either to individualistic or totalistic goals. A more pragmatic approach holds that the organizational manager has an ethical responsibility to consider the interactions between corporate and stakeholders and to consider the distribution of economic adversity as the result of collective or social obligations. This results in social risk managers, who hold a reflective balance between particular and societal moral standards. Finally, an organizational pragmatist account accepts the constitutive-reconstitutive quality of actors within an organization as characteristic, with the organizational managers bearing a collective responsibility in order to develop better institutions in better societies.

24.1. Ethical Decision-Making Frameworks

Ethical theories are sometimes applied to sorting through the moral decision-making process in a business context. Even if it is not apparent that adhering to an ethical theory generates a reliable general guide to decision-making in business, there are many situations that correspond well to theories of ethics. For instance, ethical theories can help direct attention to inquiry about what people within a company ought to do in order to be worthy of trust by the principals and other internal stakeholders who have invested their capital, time, and resources in a company expecting that their interests will be respected.

Ethical decision-making support tools and shareholder value have not always been completely harmonious. Sometimes, managers devoted to ethical decision-making make decisions that reduce shareholder value, at least in the near term. This fact

means that an ethical decision-making framework for business must account for the demands of a range of stakeholders. Most proposed ethical business decision-making frameworks take external stakeholders into account; that is, those who have a direct participation in and are affected by a firm's activities, such as customers and suppliers. However, absent a supporting institutional setting that provides property rights and freedoms to individuals, businesses are not likely to be dependable, and sound ethical precepts seem to be ultimately bound by corporate law and the system of corporate governance.

25. Gender and Diversity Theories

This chapter will be brief, addressing gender, race, and sexuality issues. It suggests that male structuralists and women integrationists present the two principal systems of thought concerning human experience. Others see the integration position as an alternative within the structural-deterministic tradition, with more determinists presenting arguments rooted in Eastern versus Western philosophies. There is a growing body of feminist theory in organization studies, adopting a wider perspective on workplace relations, individuals, and work groups within organizations. Some Western feminist writings draw from advocates of systemic thought and emotion within the context of work. They argue that acknowledgment of empowerment and transformation of human worth is pertinent to the development of organizations and may result in change if organizational models are redeveloped with more positive human and social conceptions. They offer this redefinition as a way of developing organizations more responsive to the diverse needs of the workforce for human welfare, inclusion, and collective commitment. These development processes should be responsive to the nature of human beings as social beings. Within the constraints of the corporate environment, socialization and emotional expression are critical in developing mutual understanding and trust between individuals, groups, and organizations, in order to mobilize and communicate collective identity and support. Concealing and denying emotional experiences undermines effectiveness, empowerment, and mutuality of human relationships through creating unaccountable blockages of social and organizational harm.

25.1. Intersectionality and Organisational Inclusion

Utilizing an institutional lens that draws upon critical diversity theory, this chapter briefly examines the intellectual ideas that underpin intersectionality and revisits

the problematic concept of organizational inclusion, focusing in particular on power dynamics and the exclusivities that dominate within organizations from which many are silent. Through the example of the UK National Health Service, the chapter examines the ways in which systems and rules, as well as processes and functions, are utilized to recreate the separation of staff differences, othering elements of the workforce into paradigms of other, outcast, aberrant, or impaired. The work questions why management, typically following a human resources script that champions diversity for mainstream workers, consistently fails to interrogate the further social implications associated with minority ubiquity.

Institutional lens thinking allows appreciation of the boundary management aspects of diversity and inclusion, where it infers that the dominant mainstream gazes upon the marginalized as being situated in their peripheral social status by the explicit rules, but where also the tacit norms and legitimized rules serve to faithfully depict a standard and separate definition of normal. The role of intersectionality is generally appreciated, and the critical diversity literature is progressing. The body of work focuses on the under-studied areas of value intersections, for example, the particles of difference that allow certain types of difference that reflect business performance to be associated with higher levels of advantage in society, while forms of difference that lack business performance capability are available to be stigmatized. There is also a growing focus on value dissimilarities, for example, value conflicts between individuals of different backgrounds and approaches to best economic performance.

26. Environmental Sustainability Theories

The study of environmental sustainability covers the range of problems and prospects that mankind faces in producing and reproducing his life over time. In this context, the issue of how the modern economic system will find its most sustainable organization for both long-run control and management is important. From the human environment subsystem perspective, social organizational theories can be used to address the relationship between sustainable resource use and the institutions for collective action, participation, and the management of conflict. Environmental sustainability embraces a wide range of subjects, including ecological models, systems, and integrated resource management, both from different priority and theoretical approaches, but with the same end of supporting the development of political and organizational decision-making and administrative structures that are more sensitive to complex environmental issues. The

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combination of these diverse perspectives can provide students and policy analysts with more informed, and thus potentially more sustainable, resource administration, allocation, and public policy recommendations and decisions.

The environmental sub-dimension in organizational theories has emerged in recent times as a result of human activity and is the result of several important factors, including population, network-based technologies, newly industrializing countries, and globalization. Attention has expanded from classical pollution concerns to concerns about global and local air pollution, water availability and quality, potential property rights, and the protection of nature as well as human health and survival. Indeed, many of the environmental problems that humankind faces can be connected to the population subsystem. Proper exploitation of this subsystem can help with the solution of some problems. Combined with altruistic or conflict theories, various public good theories, based on a voluntary sustainability theory, can provide the necessary institutions.

The production and reproduction of the common good is energy dependent. It uses a very wide range of technologies, and a high proportion of the energy not only depletes our stock of resources, particularly large stocks, but also incurs high negative external costs. Difficulty in valuing goods and services for both the present generation and future generations is a further problem perpetuated by the high measure of uncertainty regarding the definitions required of ecological, economic, and ethical values of risk and production. The choice of technologies and the organization and management of production systems are conditioned by the dynamics of the ecosystem, particularly the dynamics of life support systems. High risks and collapse can only be avoided to the extent that such fragile systems are respected. As a result, queues and conventions that can be regarded as economic goods appear in common arguments and the ethics of culture.

Many environmental economists are inclined to assume that voluntary decisions are based exclusively on an axiomatic notion of natural preferences and on options and problem choices. Preference formation requires the incorporation of the assessment, sharing, and reconciliation of diverse ethical and cultural values. Organization and choice issues require the incorporation of the assessment, sharing, and reconciliation of values like rightness, deprivation or desert, and equity. Theories of social structural choice, in their quality, perspective, objectives, and consequences, that are necessary to the prevention of present and future conflicts in

the human environment subsystem, demand their explicit incorporation. In the final analysis, such incorporation can and should be attempted. In doing so, the grand anatomy of the society-development environment interface can be structurally extended. With cells, atoms, and depth increase, there should be corresponding increases in the overall scheme of social structural evolution.

26.1. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is about managing business so that the broader social welfare is considered. Developing a strong and broad view of CSR is about recognizing the interdependence of corporations and societies. Society is not only the source of inputs for the business and its market; it is also an essential condition for the survival of the enterprise. It provides an economic market, the regulations for the economic, social, and political systems, and human resources to run and demand accountability and actions from these business organizations. In this environment, CSR takes on a broader dimension. It implies that the corporation should focus on a broader constituency and society at large and not on the narrow view of primary responsibility to the shareholders. The business increasingly becomes a responsive and responsible global citizen. Hence, CSR is not simply about realizing corporate benefits; it is about creating social and economic conditions that allow individuals and communities the opportunity to realize their goals.

The business should go beyond profit to embrace responsibilities for the impact of its operations on people, communities, and the broader society. CSR includes the expectations of society regarding the contribution of the business to the larger social goals and how its behavior should fulfill these expectations. It is based on the premise that if business is to grow, it must play a part in social and ethical issues. Since business is a major influence on society by virtue of its activities, it is primarily responsible for the welfare of the society in which it operates. The concept of CSR places an obligation on business to pursue long-term compatibility between its own agenda and that of the society at large and encourages socially responsible business practices to prevent conflicts of interest between the company and society as a whole. An increasingly large percentage of the public demands that the corporate system serve not only the shareholders' interests but the broader public interests as well. It is the duty of corporate businesses to give back to society at least part of what they get from it. It is a good practice to let all the boats on which a company is to float rise together. What is now needed to support CSR are supported systems

and processes that can be implemented to aid business organizations in developing strategies that are supportive of the broader social good.

27. Digital Transformation Theories

There are few comprehensive theories about digital transformation, but there are a few key trends in management practice that capture some of the key intuitions of what and why digital technologies change the nature of work and organizations. The sociological literature on the digital transformation of work suggests that some of the forces of change that are at work in best practices in work are comparable to the forces of change in organizational digital transformation. A broader trend toward trying to understand the nature of the digital transformation practices and why they are having their observed effects could be grounded in research on the digital transformation of work itself, as well as the broader set of tools that users give rise to in a society governed by digital information. We do not have any comprehensive theories that account for this complex interplay of technologies, societal needs, and costs of well-being, but digital transformation management theories examine some facets of their complex relationship.

One good way to motivate the issue is to consider the organizational implications for software tools being developed. LANs and then the internet provided a new means of resource pooling: networked storage and networked CPU cycles that could be drawn on demand by anyone on the network with the appropriate authority. These capabilities made it possible to embed addressable resources at the fingertips of end-users as they worked. Email fanned out on client-server forum software systems, as addressable content resources that could drive the organizational efficiency of firms. In the last few years, an emerging tool garden whose early times include various platforms, as well as an increasing number of aggregators and other content manipulators, is giving end-users the ability to embed addressable communication resources into the end-products of web 1.0 and web 2.0, aggregating and presenting changing messages and signals to their market audience of interest.

27.1. Technological Disruption and Organisational Change

Organizations are responding to technology used in business in a variety of ways that could be characterized as ways of outsourcing the investment and operational aspects of technology by changing the employment relationships, either as internal or market transactions, in a variety of ways that reflect different risk tolerances. The

disruptive impact of new technology is relatively pain-free in circumstances where capital instruments and markets are available in flexible, elastic forms that reverse the focus of labor relations, capitalizing wage demands via share option schemes, employer mutuals, pensions, benefits designs, cooperatives, and the like that reward managers in response to the value potential of new technologies and the investment risks of organizational change. It is clear that outputs of many digitized, 'deconstructed', computer-mediated environments can be produced more efficiently without the distractions of organizational overheads, particularly when the daring generation of employees is intent on the use of free digital outsourced/non-organizational facilitators. If virtualization leads to concerns over distance management, then the immediate solution is hybrid subcontracts. Market competitors can sound as though they are providing internal services, but are functioning as differently managed competitors to the client organization with external customer shareholders controlling the employment relationship within commercially regulated parameters. Hyperghettoization is now concerned with transaction management, offering a safe ethnic and control-sharing environment for business start-ups that incubate emergent technologies on ethnic business campuses hastened by deregulated markets for public and private capital forms.

28. Globalisation Theories

Globalization is not a new phenomenon. In the distant past, European countries used to conquer other parts of the world by military means to establish a global empire. In the present world, such a phenomenon no longer exists. The conquest of other parts of the world now takes place through commerce. Large corporations from developed countries occupy the entire world for their marketing outlets and for secure supply of raw materials and semi-processed goods. Globalization is therefore viewed as integration between nation-states that results from trading and from the exchange of different types of industry and from the establishment of new systems of relations. It produces social, cultural, political, and economic interactions.

While explaining the impact of globalization on organizations, it is said that the modern organization is characterized as being 'transnational' or 'supranational'; however, it is said that while some elements of modern organizations have become global, others remain national. Therefore, it can be said that the world-class organization has a global scope but a national identity. In such a situation, the true depth of that organization's globalization is checked if the corporate culture is based on a particular set of national systems. Centralization in one specific country only

benefits the parent company in national terms. Global enterprise has been a powerful characteristic of many large corporations for many years. Large international organizations are not new phenomena. It is believed that these large organizations are examples of that tendency towards globalization that is so often recorded as a special feature of capitalism in the twentieth century. By contrast, the smaller organization has some of its clear roots in the relationships and structures of the twentieth century – and particularly in the relationships and structures that characterized the Western economy in the thirty-five years or so which ended in 1973. That was a period of great success for the nation-state as a guiding device for social and economic development. The possession of a nation-state defined those people who shared in the total community and was used as the framework for economic and social policies because people believed in the objectives and the identity of the state, and because policies have been seen to be most effective when they are framed within a particular political border.

28.1. Cultural Homogenisation and Hybridisation

In a world bursting with national diversity, why should organizations be alike? Surely the people who staff them should also reflect differences of nationality. That is, management systems and routines are highly relevant in supporting the organization's corporate identity. Identity is seen as a major source of meaning, promoting emotional bonding, and in some sense providing for a stable world. There are clearly certain approaches to cultural homogenization that make good sense from a management point of view. Functional managers are seen as natural bridges between specialists of particular national cultures and a company's corporate culture. In a fairly monolithic hierarchical structure, they are the intermediaries between the collective and individual levels of national cultures. They promote understanding, set standards of behavior and reward systems, play only in conflict management, and it has been suggested they can adopt positions halfway between their own home groups and that of the company in high-liability situations.

29. Conclusion and Future Directions in Modern Organisational Theories

We have presented in this part some of the major new theories in organizations in the past 50 years. These theories represent a dramatic shift in the paradigm for understanding the organization, as important in its way as the two traditional

theories of the organization, the classical and the neoclassical. All of the theories depend on the post-modern perspective about conditions in societies and their organization. All assume assumptions about people, technology, and purpose which neither would recognize. Even the post-bureaucratic organizations depend on the notion that a variety of such organizations is possible, that key strategic choices can drive the organization in different directions towards different structures and cultures, and that an open society requires an open organization to show that it means what it says; otherwise, bosses and employees will manipulate the form and rituals of the dominant ideology in order to survive.

The Future of Work approach represents an effort to make as comprehensive inventories as we can of what all of the other theories make of workers today, in as inclusive environments as we can identify. Reality continuously unfolds into new dimensions. Most of the various theories of management, however new and invigorating, tend to reduce workers to a few frozen features or classificatory boxes. Even post-bureaucratic and human process models offer a few general thoughts, though the human process theorists assume the metaphor of an adult human being in contrast to a spineless bureaucrat. However, if organizations are to exploit the diversity of the staff (or even to choose between it), the characteristics of people that emerge will become increasingly important as forces for change within the organization. Such knowledge will provide an alternative route to understanding the new forms of learning and labor organization to that of considering the exogenous factors of history, geography, technology, and bodies in which management policies are located. Cross-fertilization between the management of work and other contemporary discussions of work can then offer some alternative ways to understand the sources of many popular anti-business feelings at the moment.

29.1. Emerging Trends and Research Agendas

Various scholars have attempted to analyze the modern trends in organization and have evolved a series of theoretical models to explain the intricacies of organizational operation. Modern theories provide different perspectives on organization and address a host of concerns related to organizational behavior and management practices. The relevance of bureaucracies and the inherent logic of organizing have been questioned, and the change theories emphasize the flux and organic nature of organizational constellations. The focus is predominantly on finding alternative ways to deal with issues like learning, innovation, dynamism, and coping with and leading change, which are increasingly considered essential

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organizational ingredients. These theories constitute what can be termed the modern theories and together somewhat provide an alternative framework to the earlier paradigmatic prescriptive approach of rational, formal, bureaucratic views of organizations. Emerging Paradigms: Several authors have distinctly referred to this phase of change in diverse nomenclature - paradigms, modernism or complex organizations or new organization theories. The phase could be traced back to the early 1960s when rich clusters of new ideas began to surface, which commonly stressed the contingent nature of structuring behavior. This is referred to as the 'tensive pluralistic view of organizations' and forcefully questions the dominant hypertrophy of merely one perspective - the neoliberal and managerialist approach to differentiate the field of organization studies. The term 'stagnation hypothesis' has been employed, suggesting that a mature body of scientific knowledge using earlier social structure agendas generated diminishing returns in conceptual development, also suspending attention on relatively few viable approaches. The interest in alternative theoretical approaches to organizational behavior resulted in theory fragmentation, which in turn suggested a lack of integration and consensus. The 'crisis' of legitimacy or a 'turning point' in relation to traditional human resource management was debated. There is no doubt that the profession is in the sling of a crisis of theory without substance or suitable connecting tissues. (Oyibo and Gabriel2020)(Мяо, 2022)(Abbas & Katina, 2023)(Jianping, 2022)(Long2023)(Dikeh & Rumuola)(Mills et al., 2022)(Al-Nuaimi et al.2021)

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