

Organizational Theories: A Comparative Analysis of Key perspectives of Rational, Natural and Open System Views of Organization

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Abstract

In the modern society, it is difficult to imagine life without organization. Today, we are living in a global village and many organizations across the globe are involved in producing products and delivering services required by the societies. Organization has become vital to the very fabric of the modern society. Thus the organizations can be defined as platform where the people come together to perform their assigned to fulfill common goals. The organizations are established to bring people together to accomplish collective goals.

Organizational theories have been developed as a result of systematic study of organizations. It has general application to all type of organizations. It provides a way of thinking about organizations and way of managing organizations. Organization theory deals primarily with organization level phenomenon such as organizational change and growth, effective planning, design, development, politics, culture and structure. Organizations are important part of the study and considered vital instruments for accomplishing collective goals in modern societies

In order to understand as to how to structure and designed the organization to accomplish collective goals, it is very important to study the various perspectives on organization. Richard Scott in his book has described three perspectives on organization i.e rational system, natural system, and open systems perspectives. The research study has discussed the key perspectives and presented a comparative analysis of these three perspectives on organization and concludes with the applications of these perspectives in current scenario of organizations.

Keywords: *Organizational theory, Natural System perspective, Rational System Perspective, Open System perspective*

Introduction

Organization is old as human race. Romans and Egyptians had built huge organizations to accomplish their goals. Chines had given us first principle of strategy and Democracy first flourished in Greece and study of organization history tells us that various civilizations have developed different forms of organization.. Organization theories have been developed through systematic study of organizations, therefore, it can be applied to all types of organizations. It provides a way of thinking about organizations and managing organizations. Theory is consisting of principles that describes the relationships observed in any phenomenon and to provide a description as well as explanation of Phenomenon. The theory can help us in understanding, what is the organization? How organization behave in the certain environment and how they may behave in different set of circumstances. However, each theory based on the experience of one person, therefore, it can be applied to one situation but can't be generalized to other situation. Primarily, there are two way through which systematic knowledge about the organization can be generalized. First way is the experimental method and it goes through three steps. In first step; organizational phenomenon can be experienced by working in an ongoing organization. In second step; reflect those experiences and in third step, making some systematic sense in coherent of reflection and conceptualize the framework. In this regard, the work of Chester Barnard, Frederik Taylor, Mary Parker Follet, Henry Fayol, are the famous examples of generalizing theories by experimental ways. (Pugh, 1997)

The organizational field has been borrowed from a variety of disciplines such as psychology, sociology, anthropology, economics, and mathematics and computer science and there are diverse perspectives of the organization from each disciplines. Though it created a chaotic situation but it has resulted in a multidisciplinary approach and the field of organization was enriched by the contribution of scholars from

diverse disciplines. There were lot of theories but there was no unifying framework. During 1960s, an Open system was suggested as possible integrating framework and in this context, Nath has pointed out that how an open system framework for various theories existed that time. Later in 1966, scholars such as Kats also proposed Open system framework. One of the basic tenet of the open system theory is the interaction among the subsystems of the organization and between the organization and its environment are more important. During, 1870s, Contingency Theory was developed as an offshoot of the Open system theory as well as empirical work in organization and in the course of 1970s and 80s a strategic planning and policy has emerged as an important areas of the organization which focused on the interaction between the organization and its environment (Rad & Narayan,1989). This study has focused its study on investigating the key perspectives on organization i.e; Natural System, Rational System and Open System

Organizational Theory Perspectives

Organizations are playing a leading roe in our modern societies. The organizations are prevalent in every arena of our social life. The Rational. Natural and Open Systems have defined organization in various perspectives. The rational perspective of organization emphasize on the distinctive features of organization which helps to distinguish organization from related social forms. The high goal specicifity and high formalizations are the important elements of this perspective of organization. The Natural System perspectives of organization view organization as an organic system imbued with strong drive to survive, maintain as a system. The development of formal structure and distinction of culture are regarded as important part of this system perspective. The Open System perspective view organization as a sytem that is open to the external environment and dependent on flows of resoruces. The individuals have different interests and they value various inducements. They join and leave organization, depeneded on the bargains they can strike on. In this this perspective, the structure of coalition, its outcomes are strongly influenced by the environmental factors. (Scott, 2003)

Rational Perspective	Natural Perspective	Open System Perspective
<ul style="list-style-type: none"> • <i>First Perspective</i> • <i>Structural Models</i> 	<ul style="list-style-type: none"> • <i>Second Perspective</i> • <i>Behavioral Models</i> 	<ul style="list-style-type: none"> • <i>Third Perspective</i> • <i>Structural and Behavioral Models</i>

The rational, natural, and open system perspectives are presenting three diverse views of organizations. These three perspectives on organizations have been presented to analyze and understand the nature of organization.

Bertallanffy is known as pioneer of the General System Theory. In his work on “Organismic Theory” of biology in 1930’s. He defined the system as composed of set of elements standing in interaction. If the international of elements is internal then that is closed system. If the interaction is both internal and external elements of the environment then that is open system. The classical and human relations theories of organizations were based on the concept of internal regularity. In 1970s, Sadler and Barry presented three characteristics which are generally included in the “Modern Organizational Theories; 1. Concern with whole organization, 2. Concern with its relation to environment, 3. Concern with the dynamics of organizational life and its development.

Rational System perspective of Organization

The rational system describes the organization with formal rules, and set goals and it focuses on the normative structure of the organization. **According to the Rational system perspective “Organizations are collectivities oriented to the pursuit of relatively specific goals and exhibiting high formalized social structures.** In this perspective, the organizations are considered as social organization established by individuals to accomplish specified goals through collaborative efforts (Scott, 2003).

- **Key characteristics of Rational Systems.**

The key characteristics of rational system are goal specification, formal structure and Effectiveness and Efficiency. Each of these characteristics makes an important contribution in the formation of organization. In terms of rational perspective, the behavior of organization is viewed as actions performed by purposeful and coordinated managers. The three main characteristics of this perspective are presented in the following figure.

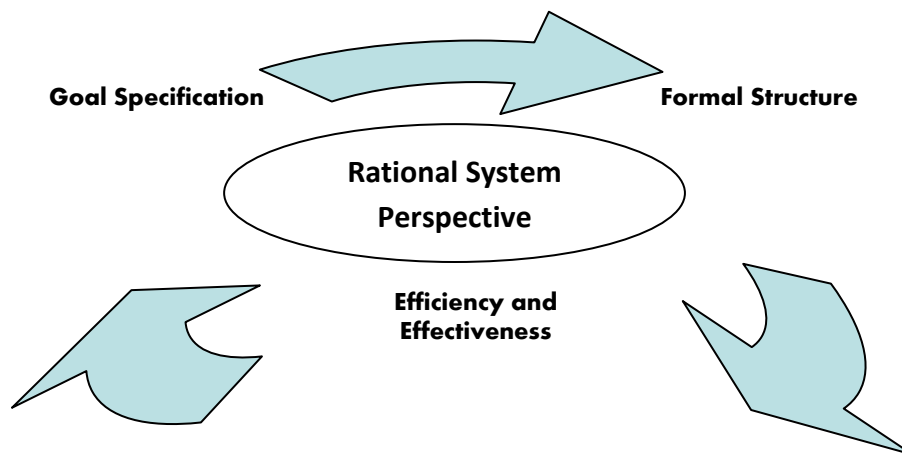


Figure-1: The figure shows the main characteristics of Rational System Perspective

- **Goal specification**

In rational system perspective, the goals are the conception of desired ends. The goals guide the decisions as to how organization structure is designed. The goals specify the task to be performed, what personnel to be employed, how resources should be allocated amongst the personnel (Scott, 2003).

- **Formal Structure**

According to rational theorists, the formalization generates rationality of behavior in organizations. It is considered one of most important element in the rational system of organization and it establishes visible structure of relationships amongst the set of roles that governs the behavior of the system. The roles and relations in the formal structure are well prescribed independently along-with occupying positions in the organization (Scott, 2003).

- **Efficiency and Effectiveness**

The rational system embeds information, efficiency, optimization, implementation and design frequently. The set of terms also occurs in this perspective that indicates the intellectual limitations of the individual decision maker. The terms such as constraints, authority, rules, directives, jurisdiction, performance, and co-ordination imply that the rationality behavior within organization takes place within clearly specified limits (Scott, 2003).

Natural System perspective of Organization

This perspective views organizations as a social system in which individuals are directed to accomplish their multiple goals. According to this perspective argues that “**Organizations are collectives whose participants are pursuing multiple interests, both disparate and common, but recognize the value of perpetuating the organization as an important resource**”. In this perspective, the behavior of participants is guided by their own interests and behavior (Scott, 2003).

- **Key characteristics of Natural Systems**

The Natural perspective on organization argues that, there are multiple goals in the organization which are complex and inconsistent. There are two major differences between rational and natural systems. One is the importance of goal complexity and other is informal structures. There are three key characteristics of the natural systems.

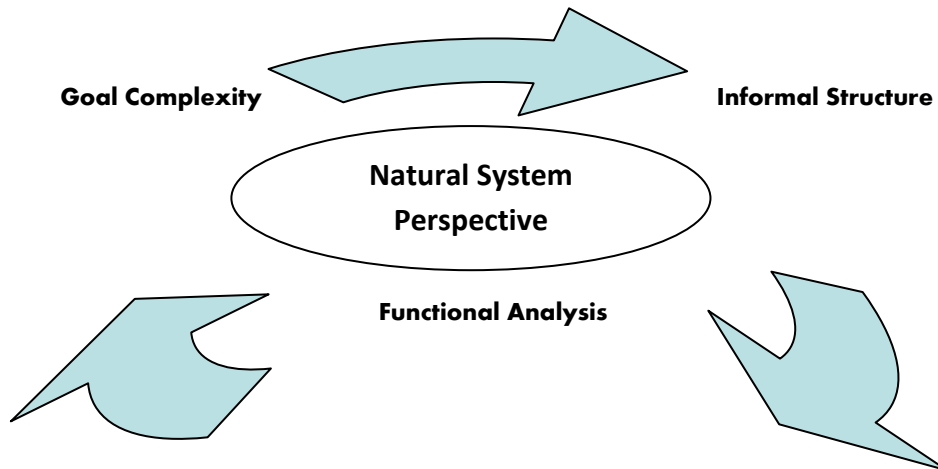


Figure-2: The figure shows the main characteristics of Natural System Perspective

- **Goal complexity.**

In this perspective of organization, the organization goals and their relations to the behavior of participants are much more problematic. The first goal complexity is that the real goals are different than the professed ones. There is a frequent disparity between the stated goals and real goals of the organization. Second complexity is the when the stated goals doesn't govern the participant behavior (Scott, 2003).

- **Informal Structure.**

The informal structures of the organization depends on the characteristics of the specific participant which can be distinguished from formal basis. The participants enter the organization with shaped ideas, expectations and bring different values, interests and abilities along-with. The participants within formal organization generate informal norms and behavior patterns such as status and power system, communication networks, sociometric structure and working environment (Scott, 2003).

Functional Analysis.

The functional analysis is served as essential tool for the work of natural system analyst. This approach assumes that organization as a social unit has certain needs to be fulfilled for its survival in its present form. The organization are analyzed in terms of need they meet and function they perform for making ensure the survival of system (Scott, 2003).

Open System Perspectives of Organization

The classical and human relations approaches to study the organization has been replaced by the system approach to study the organization. The open system, views organizations as a system in which participants with various interests have partnership to serve their interests. The open system perspective argues that **“organization is system that is a combination of parts whose relations make them interdependent.”** Scott argues that the environment has an effect on the organization. The organization as a system is surrounded by the environment (Scott, 2003).

- **Key Characteristics of Open system perspectives.**

In the open system perspective, the organization and environment are interdependent on each other. According to this perspective, an Organization as a open systems can possesses the capability to survive in the environment by managing their resources received from the environment. The environment is perceived as ultimate source of material, energy and information which are vital to the continuation of system.

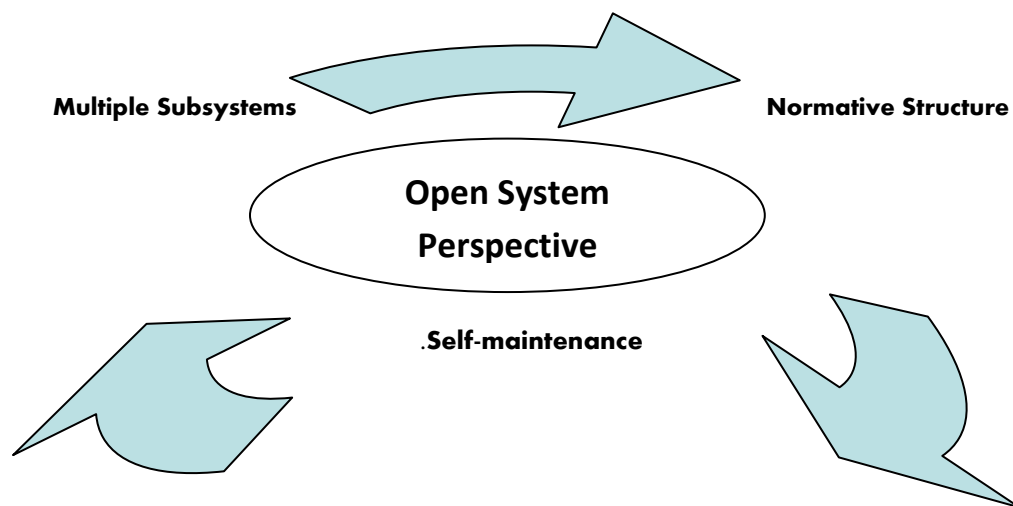


Figure-3: The figure shows the main characteristics of Open System Perspective

- **Multiple subsystems**

Open systems have some resemblance with multiple subsystems that specialize in certain system activities. The parts of the organizations are loosely coupled and have the capability of taking semi-autonomous action. The coordination and control becomes problematic, if any individual and subgroup form and leave coalitions. There is no line of boundary in subsystems of the organization (Scott, 2003).

- **Self-maintenance**

The organization as an open system works in certain environment and possesses the capability of adjusting itself in environment. The interdependencies and connection between subsystems embeds the survival capability to the entire system of the organization (Scott, 2003).

- **Normative Structure**

The normative structure is consisting of norms, values and roles that provides the general rules to govern the behavior of the system. The structure is hierarchical and its components are loosely coupled at both

the individual and group level. The Open system perspectives see organizations both as hierarchical and loosely coupled systems. (Scott, 2003).

Conclusion

It is concluded from the analysis of three perspectives on organization that each perspective view organization as a distinct entity in the environment. The rational system view the organization as closed system and it is not affected by the external environment. In contrast to that natural system view the organization as a social system in which required needs are fulfilled for its survival. The Rational and Natural system very much contradictory to the each in terms of formulation of goals and structure of the organization, whereas and open system view organization composed of subsystems which are adjusting themselves according to the prevailing environment. The open system is the reconciliation of rational and natural system perspectives.

The rational system perspective on organization emphasizes on specified goals and formal structure of the organization. According to this system, the goals of the organization must be specified and tasks be assigned to the employees to achieve those goals. The formal structure provides the visible structure of relationships between the different levels of management in the organization and as well principles to govern the behavior of the organization. The Scientific Management Theory given by Frederik W. Talyor, Administrative Theory given by Henry Fayol and Theory of Bureaucracy, are unique examples of Rational System perspective.

In compare to that, the natural system perspective view organization as a social system where the goals and tasks are not specified and the real goals of the organization are different from the stated goals of the organization. This perspective provides the informal structure, where the social norms of the organization regulates the behavior of the system. This perspective view organization as a social system where required needs to be fulfilled for its survival. The Human Relation School of thought given by Elton Mayo (1945), Cooperative System given by Chester I. Bernard and Social System given by Tacoh Parson (1951), are unique examples of natural system perspectives.

The Open system perspective on the organization view the organization as composed of multiple subsystems where each subsystem is interdependent and work in coordinated manner with other subsystems of the organization. This perspective provides the normative structure to the organization. In this perspective, Contingency theory is unique example of open system model. The contingency theorists attempted to reconcile between rational system school and natural system school of thought. The contingent approach provides the appropriate structure to the organization that should be consistent with different circumstances in the environment. According to this perspective there no best way to organize the organization, make the decisions and lead the organization. The organization as open system can be organized to befit the prevailing environment. Looking at the prevailing environment at the global level, it is observed the all private and public organizations are adopting the some key characteristics of open system, rational system and as well natural system model. The organizations are adopting the formal structure, normative structure, goal specificity and organizing their organization to cope with the external influences.

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