

## Organizations are Important

- ■Ubiquity (omni-presence)
  - ■Longitudinally in ancient societies (Chinese, Greek, Indian)
  - ■Their main functions then (public administration, and tax collection)

### Modern Organizations

- Discovery (research organizations)
- Socialization (schools and universities)
- Re-socialization (mental ward and prison)
- Production and distribution (firms, whole-sale, and retail)
- Service providers (laundry; consulting; restaurants)
- Financial, communication, recreation (banks, mortgages, telecommunications)
- Public Administration (government)



## How many organizations are there? No accurate account!

- Establishments: an economic unit at a single location
- Firm: a business organization consisting of one or more domestic establishment under common ownership
- In 2002, the U.S. Census Bureau reports 7.2 million establishments and 5.7 million firms
- Not in the stats are public agencies and voluntary associations, which is estimated at 2 million, including 400,000 of charities, foundations, political orgs, and non-government organizations (NGOs)





## GSS/NOS 1991

Lack of sampling frame for organizations

Kalleberg (et al.,) designed and implemented a two-stage random survey

First stage, the 1991 GSS randomly selected about 1,500 individuals and interviewed them.

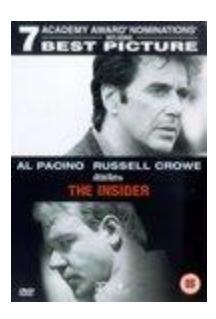
The second stage, surveying the 1,127 employees to request information about their employers and conducted interviews with their employers, producing 727 employer-employee units or 688 employer units.

Among those, 61 percent are in private sector, 27 percent in public sector, and 7 percent in nonprofit sector.

#### Source of Social IIIs?

• LAPD

Tobacco company





# Source of Social IIIs?

C Wright Mills – 1956, power elite: those that occupy top positions in three overlapping organizational hierarchies: the state bureaucracy, the military, and the large corporations.

The growth of modern organizations creates disenchantment of the world

 McDonaldization of Society, and franchise of mega-brand wipes out regional differences.

Organizational structure damages personalities, and the psyches of its participants. Commercializing human feeling

 Projecting a happy face in flight attendant or sales person, or simulating hostility in bill collectors, insurance settlers.

## Organizations as media

- Organizations can accomplish things that are beyond the reach of any individuals.
   Organizations are the mechanism or the media by which various goals can be pursued. But sometimes unanticipated outcomes may occur,
  - The collaboration between FAA and NORAD was intended to deal with hijacking but was totally failed in the 9-11.
  - Various clinics and hospitals provide health care that turns out to be negative to patient's health,
  - Universities train students to gain valuable knowledge but in reality often scramble to prepare students to assume a compliant role in the organizational society.





# As Collective Actors

- Organizations must be perceived as collective actors: they take actions, use resources, enter into contracts, and own properties.
- Modern society has two types of persons: natural persons and collective/juristic persons.

# Theoretical significance

Organizations shape the basic social processes – socialization, communication, decision-making, ranking, order execution, exercise of power, and office politics.

Organizations is the major media by which power, wealth, and income are distributed. The hiring, pay, promotion practices in private employers, and regulatory policies by government are very influential on social stratification and mobility — migration of blacks from south to north, and upward mobility of African Americans to executive levels.



Organizations in the globalization era.



# Organizations as Subject

#### Criminologist:

prisons and jails

#### Industrial sociologist:

• labor unions and factories, and the relation between technical aspect and human social aspect of organizations.

#### Political science:

• legislative bodies/public administration

#### Industrial psychologists:

• work morale, fatigue, and job turnover

#### Management:

• organizational behavior, managerial activities, interest alignment

#### **Economists:**

• firms are production function turning input into output, and their relation with macro-economics.

#### Pioneers





 German Sociologist: Max Weber (1946): bureaucracy

• Robert Merton: Columbia School (Peter Blau).

 James March and Herbert Simon: Carnegie-Mellon University – organizations as intendedly rational but cognitively limited actors, or its participants have multiple and often competing objectives.

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### Studies in Organizations



Theoretical abstraction: studies in similarities in organization forms/structures/functions



Empirical investigation: data (field notes or survey methods) used to test/valid/falsify existing theories about certain organization functions



Feminist scholars see organizations as embody of male perception of the world: domination, hierarchy, depersonalization.



How to empirically test this theory?

#### Commonalities

Organizations are social structures created by individuals to support the collaborative pursuit of specific goals Define/redefine goals/objectives Induce participants Control and coordination Use resources and dispense products Select and train workers Manage relations with other organizations and with the environments Organizations are means to accomplish ends, but sometimes

can be ends in itself.

PLA in China hires 2.3 million people

Great divergence: size differences Biggest employer in US – DoD hires 1.4 million people

Largest corporate employer: Wal-mart hires 1.7 million people.

The largest manufacturing firm: GM has 325,000 workers, but is still falling

Transformation from manufacturing to service/retail/administration (see Figure 1.1 on page 12).

# Different in other dimensions

By Sector: employment at governments at all levels (federal, state, and local) exploded.

By gender composition: in 1940s women made up 20% of workforce, by 2004, that number is 46% and still raising.

# Divergence by ownership

• Sole proprietorship is the most common form of ownership (13.8 million such type), compared with Partnership (1.3 million of such) and Corporations (2.8 million of such).

### Not all for-profit



Increasing in nonprofit charitable organizations (In 2004, 825,000 public charities and 103,000 private foundations which hire 9.5% of all workers)



Increasing in nonstandard work: independent contractor, part-time, temporary help.

#### Structural characteristics

Flat authority and control in voluntary organizations and software companies

Tall multilayer hierarchy in army and governmental bureaucracy.

Project team-based and matrix structure in IT companies

Network and alliances between firms that allow them to enjoy being small (rapid responses) and being large (economic of scale).

# Capital, Environment, and Structuration

Capital intensive, labor intensive, and human capital intensive

Some are sensitive and vulnerable to environmental influences, some are immune to external effects.

Centralized system with heavy administrative hierarchy vertically and immense specialization laterally is being replaced by flattened, network form of structuration.

National variation: US and Japan/Korea (culturally distinctive but institutionally similar, US and China (cultural and institutionally distinctive, Japan/Korea and China (Culturally similar but institutionally distinctive).

## Diverse level of analysis

The social psychological level: individual behaviors, and interpersonal relations – job turnover, commitment, alienation, loyalty, conflict, and inducement

Organization structural level: sub-divisions, groups, department — coordination/corporations/communications

Ecological level: inter-organizational relations, relations between organizations and environments

Multi-level studies: commitment/loyalty

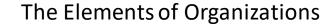
#### The Elements of Organizations

Social Structure: the patterned or regularized aspects of the relationships existing among participants in an organizations. Social structure has normative structure, cultural cognitive structure, and behavioral structure.

Normative structure:

Behavioral structure

Cultural-cognitive structure



Cultural-cognitive structure: beliefs and understandings that participants share about the nature of their situation and interests.

Behavioral structure: actual behaviors that exhibit a certain degree of regularity – the recurrent behavior of a given individual or similarities in the behavior of a class of individuals.

Normative structure: values – criteria used to select goals for behaviors, norms – generalized rules governing the behaviors, and roles – expectations or evaluative standard used to assess the behavior of occupants of specific social positions

## Intercorrelation

The three structures inter-correlate to constitute social structure that coordinate individual work for collective goods

Normative structure creates norms/expectations to regulate individual work.

Cultural-cognitive structure sustains the shared understanding of work

Behavioral structure engages individuals into recurrent interactions, and activities.

## Participants

Participants: problems with inducement (how to motivate workers to work?)

Money: firing and hiring?

Job autonomy: be your own boss?

Respect: my opinions valued?

Informal network: having friends in work?

Job prospective: my job has a future here?

### Goals

- Does organization have goals? What are they?
- For-profit; Microsoft, GM, and Wal-Mart
- Non-profit private: Bill & Melinda Gates Foundation
- Non-profit public (government): USCIS



## Technology

Organizational technology is a set of methods that are used to transform inputs to outputs.

All organizations have technology, which is embedded in machines, as well as skills and knowledge of participants.

Organizations vary in the extent to which these techniques are understood, routinized, and perfected.

# Organizational capacities

Durability: organizations are designed to persist over time, routinely and continuously support efforts to carry on a set of specific activities.

Reliability: organizations are good at doing the same things in the same way, over and over, and for many types of activities, this is a distinctive advantages.

# Accountability and deviant behavior

Accountability: organization behaviors take place within a framework of rules that provide guidelines and justifications. Often the framework in connected and backed up by legal systems.

Enron: big success – 21,000 employees in more than 40 countries, alleged 101 billion revenue in 2000.

Enron: big lies — inflated report of profits and conceal debts, huge accounting fraud.

Collapse: Chapter 11 bankruptcy in December 2001

Consequences: life-long saving gone, overall economy hurt, confidences in big business, administration, and capitalism shattered.