

Outline of a course in organizations

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This is not a complete outline of a course in organizations. It is just the first draft of the lectures that will be given in this course. The course planned as a 15 week course with three one-hour classes a week. It is a junior course. Cases will be discussed in two of the classes. I did not concern myself with choosing the cases to be discussed because I do not know which cases are already available in my School. I did not have time to complete this outline. The titles of the lectures for which I was not able to write or type an outline will be found at the end of this syllabus.

I – THE BROAD ISSUES

1. INTRODUCTION TO THE COURSE

Procedural matters

- 15 weeks course, 3 classes a week:
- class 1: lecture (this syllabus)
 - class 2: case
 - class 3: case and or discussion of student reports

Objectives of the course

Why to teach this course:

1. To enable you to understand better the social character of the enterprise: how a social structure survives and achieve its ends. So, we hope, you will be able to contribute more effectively to the efficiency and profitability of the enterprise.

2. To make you more aware of the role you and your enterprise have in the economic and social development of the country.

The 1. is an individual goal.

The 2. is a social goal.

This class will not be a class on ethics. It will deal with the description and interpretation of a particular type of social system: the modern organization, and particularly the business enterprise.

But the old theoretical basis of the “laissez faire” is dead.

You have to have a social goal and understanding of the world that surrounds you, besides your own individual goals.

The broad alternatives the world presents today.

The role of Brazil. The challenge she faces. The challenge you face. Why “you”?

The need to be pragmatic. The danger of being pragmatic. The need to believe. But believe in what? The conditions to believe.

Short summary of the contents of the course

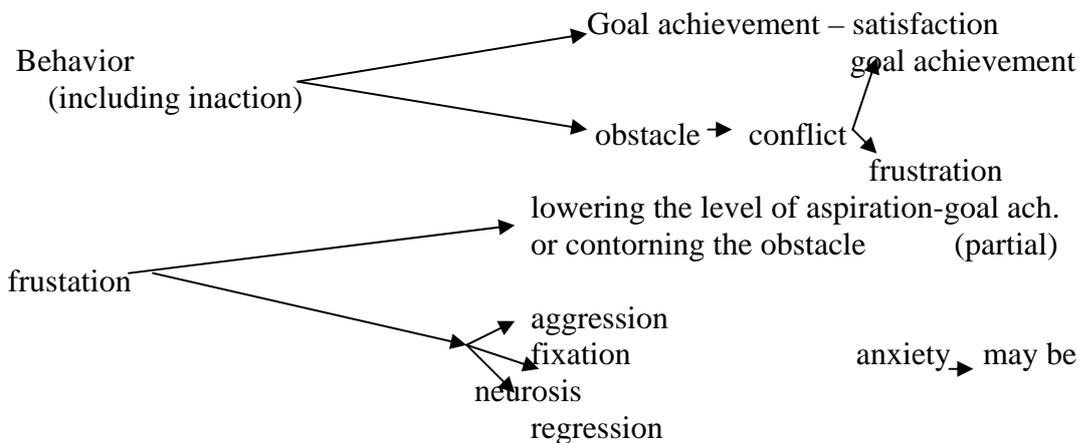
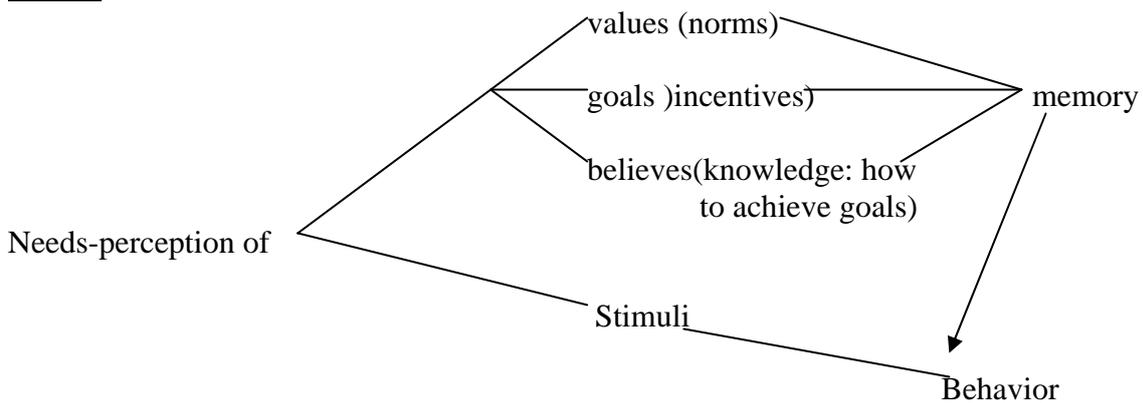
A few words about the case method

**2. THE INDIVIDUAL
(elements of psychology)**

Behavior as goal directed: a model of behavior

Needs – Goals – Values – Stimulus – Memories – Behavior – Goal fulfillment – Frustration – Aggression – Regression – Fixation – Anxiety – Neurosis; also: Incentives – Beliefs. – Feelings and Emotions – (a short review)

Model:



Classification of needs

Physical needs

Social needs

The two basic incentives:

Money (as a means)

Love (sex)

3. ORGANIZATION: A MODERN PHENOMENON

The types of social systems through out history:

- The family and the clan; primitive societies
- The slavery system
- The patriarcalism
- The feudalism
- The bureaucracies
- The business enterprise of today

The importance and role of large scale organizations in modern society. The decadency of the family. The distinction between spontaneous and planned (Barnard) organizations.

Rationalism: the trend to rationalization in world's history.

The modern organization as an answer to this trend

Industrialization and development in communications in the basis of the modern organization.

The general idea: control over the natural and social environment.

4. THE CONCEPT OF ORGANIZATION

Definition: Organization is a social system where the division of work is "rationally" undertaken.

The key element in the definition is the word "rationality". What is rational in this context?

We could define rationality as consistency between goals and means to achieve them. But this is not sufficient. Rationality has a historical and cultural connotation. Some fine distinctions. Come back to the class about types of organization throughout history.

A synonym to organization: bureaucracy.

The basic characteristics of bureaucracy (go to Max Weber, Merton and Simon in order to develop this subject).

Impersonality, emphasis on form, formal norms, formal positions, hierarchy, records, specialization.

The bureaucrat: has a career, is a professional administrator, is an employee, is an expert.

The reason for the dominance of bureaucracies in modern times: it is more efficient. But, as we will see later, the rationality of bureaucracies have a limit. Men are only partially controlled. There is a basic freedom in the individual, that does not allow us to predict entirely his behavior. And without prediction there is not control.

Anyway, the basic lesson:

organizations are attempts to rationalize cooperative effort.

5. ORGANIZATION AS A SOCIAL SYSTEM

Social system: a group of individuals (two or more), who make a whole different of the addition of its parts.

System = network, inter-relations, interdependencies.

The purpose of the social system: to adapt (control) the individuals to the environment.

A cooperative system (Barnard, for more development)

Individuals have limitations:

1. Physical limitations (in time, in space, in sheer strength)
2. Cognitive limitations

The environment present limitations:

1. the existing technology
2. the natural environment
3. the existing social systems
4. the “other” individuals
5. the value and belief system; the norms

In order to survive, men are always trying to change or to maintain the facts of its natural and social environment. He needs to overcome his personal limitations, and the constraints that the total environment presents to him.

Cooperation is a way of overcoming limitations. So cooperation is the basis of a social system.

But personal satisfaction is the goal of each one.

Besides, the results of cooperation are limited.

So, conflict arises. And some times, as in the case of individualism or in the case of bargain, conflict is institutionalize.

The types of social systems:

1. Geographical basis:

the world society; the Brazilian nation; the State; the City; the rural community; the tribe.

2. Division of work basis:

The UN, the Federal Government, the State and City Governments; its divisions and departments; the churches, the associations (clubs, professional associations, unions, etc.), institutions as museums, schools, hospitals, etc.; the business enterprise; the small groups (entirely in formal). All the social systems in this subdivision, with exception of the last one, may be considered today as organizations.

The basic model for understanding the dynamics of a social system (based on the assumption that men cooperate in order to overcome the limitations imposed by the environment):

1. The technology (the tools, the methods of production)
2. The social structure (hierarchy, authority, ownership, control, power existing in each social system.
3. The value and belief system (believes include the scientific and non scientific knowledge; ideologies; the religion). We may call it the moral order.
4. Supernatural order (sacred symbols, rites) – the control of the unknown, of the uncontrollable (See Warner)

The interdependence of these four systems or orders. The technology as the first conditioning. The reflex of the other systems in the technology. The basic order, the biological order was not forgotten. It does not belong to this model, (but is assumed), because it is not a “creation” of man.

6. THEORIES OF ORGANIZATIONS

What we presented as the concept of organization is already a theory - Max Weber's theory about bureaucracy. It is, however, just a description and interpretation. The work of a sociologist, who was not interested in making “recommendations” about how to control organizations.

The “scientific management” approach

also called the traditional approach, the principles of management approach.

An approach of engineers, an approach of practical men willing to rationalize executive behavior in organizations.

Taylor and Fayol, the two basic figures.

Some basic hypothesis:

- management is a science. Principles can be easily derived. Hypotheses should be tested, specially the ones related with efficiency of work.
- there is one best way of getting a job done; the objective of scientific management is to find this way and to enforce it.
- man is motivated essentially by money (the economic man).
- management will plan carefully the job to be done

The principles of management (see Fayol)

- authority should equate responsibility
- the organization is structured according to the scalar principle
- unity of command
- unity of objective
- centralization
- span of control should be small

Some criticisms:

- the theory is based on an incomplete model of man—the economic man, whose basic goal is money, who has complete knowledge of all alternatives).
- man is reduced to a machine; no respect for man.
- the theory is normative (should), and its norms are not result of research. The idea of probability is forgotten. It is a summation of common places, of proverbs, of rationalizations taken from the top of the mind.
- it is anti-democratic (piffner)

We do not agree with some of this criticism. The contribution of this group to the theory of organizations was very important, inspire of its simplifications.

The Behavioral approach

tries to take in consideration the complexity of man.

It was introduced by sociologists and psychologists.

Mary Parker Follet, a pioneer.

The Hawthorne Studies, the reak begining

Elton Mayo and his group.

The two basic studies.

The contribution:

- a challenge to the physical, engineering approach.
- an organization is a social system, besides a rational structure.

The limitations:

- based on an idealistic view of human nature, an exaggerated reaction against the former ideas; result: naïveté, unwillingness of recognizing basic conflicts;
- lack of concern for the technological and structural (formal organization) determinants of behavior;
- excessive de-emphasis on money as incentive;
- correlation between morale and productivity;
- recommendation of the “soft” approach as a panacea.

After the Hawthorne Studies, psychologists and sociologists became more interested in the organizations.

The small group called special attention: Kurt Lewin (group dynamics), the Michigan Group.

Some sociologists (Merton, Selznick) studied the unanticipated effects of bureaucratization;

Simon developed a theory based on decision-making and on the distinction of programmed and non-programmed decision making.

To the behavioral approach was added the mathematical or quantitative approach, with the appearance of the computer and the broad use of statistics and operations research.

Cybernetics makes its appearance: a theory of communications through computers which leads to deep changes in the organizational systems.

The behavioral and quantitative approach is fluid; it is in the process of formulation.

The traditional approach is well structured; a tight body of theory. It is easier because it was based in a simplified theory of man.

As theorists of the formal organization, the traditional approach was not yet surpassed. Its contribution is positive. Even if we discard their simplism about the individual (they forgot the love incentive) they did not take in consideration that the organizations a social system), many of their ideas still stand as valid.

To the theory of the formal organization, however, it is necessary to add the theory of the informal organization; and then to make a synthesis. This in the job of the behavioral approach. It is not necessary to deny everything that was said before.

7. THEORIES ABOUT HUMAN NATURE

Underlying the theories we have being discussing there are theories about human nature.

Douglas McGregor presents two theories, the second being the one he supports; he enumerates their basic assumptions;

1. The traditional view of direction and control:

“1. The average human being has an inherent dislike and will avoid work if he can.

2. Because of this human characteristic of dislike of work, people must be coerced, controlled, directed, and threatened with punishment...”

3. The average human being prefer to be directed, wishes to avoid responsibility, has relatively little ambition, wants security above all”.

2. The integration of Individual and Organizational Goals

1. The expenditure of physical effort is a natural as play or rest.

2. External control and the threat of punishment are not the only means of bringing about effort toward organizational objectives. Man will exercise self-direction and self control in service of objectives to which he is committed.

3. Commitment to objectives is a function of the rewards associated with their achievements.

4. The average human being learns under proper conditions, not only to accept but also to seek responsibility.

5. The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problem is widely, not narrowly, not narrowly distributed in the population.

6. Under conditions of modern industrial lives the intellectual potentialities of the average human being are only partially utilized.

The first theory is unacceptable, especially in the way McGregor put it. What kind of work, what kind of responsibility man does not accept? Why motivation has to be done just through negation, threat? Even Taylor's theory does not conform to such theory, although it is nearer.

The second theory seems nice; actually it is rose, incomplete and dangerous. Mans is not essentially good. This "essentially" is meaningless; what is good or what is bad depends on what culture. Man will work toward objectives, will accept responsibility, will not need coercion under some conditions.

The problem is: do these conditions exist in organizations and particularly in business enterprises? If they do not exist, is it possible to establish them, or are there areas where conflict is inherent to the present structure of the enterprises?

The basic condition is need satisfaction, but are not needs different for the member of organization (depending on the structure), are not the attached values different, and does not from this difference arise conflicts that only force or bargain can solve?

The four types of solution of conflict: force, paternalism, bargain, integration.

8. THE INDIVIDUAL AND THE SOCIAL ENVIRONMENT

Needs are a function of the biological characteristics of the man and of the pressures (value and belief system) existing in the social environment.

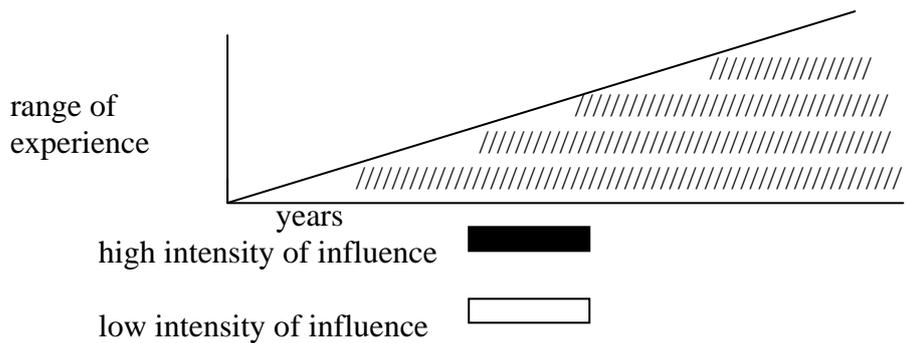
By the way (digression): the need value relationship: from need, value, from value, need, from need value...

Needs are satisfied on the social environment. The individual depends on the social groups to which he belongs to the satisfaction of his needs, to the achievement of his goals.

So, the individual is conditioned by the environment. The existence of inherited personality characteristics, a problem to be discussed.

The development of the personality is a learning process. Society is the teacher: it will teach the value and belief system it adopts.

A graphic model of learning and personality development:



The individual has to conform to his group, to his society. That is a condition for survival. The individual who does not conform to the norms will be punished direct and indirectly. Serious disadjustments may develop.

But this does not mean that society or even organizations within societies will conform as a whole. Some norms will tend to be common to the whole Brazilian society, or to the whole Matarazzo enterprises, but society is structured: it is horizontally structured—many groups, social systems at the same level of power and prestige-- , and vertically structures—social systems or even sections of social systems which do not constitute in a social system in itself with different degrees of power and prestige.

We are more interested in the vertical structuration:

In the whole society, the social classes.

In the organizations, the several ranks, from top management to the workers.

These sub groups will have different value and belief systems.

The individual will want to know where it fits in the social structure. He will want hi role, and behave accordingly.

So, the vertical structure of social systems, including organizations, will be a major some of differences in perception about the world as well as of different actual needs, and values.

Sometimes conflict arises not as result of a real conflict of interests, but as a result of poor communications. Different groups give to words different meanings. A semantic problem. Besides, distrust may build as a result of previous conflicts, and communications are hindered. There is, however, a temptation to attribute conflicts in organizations to defects in communication only, not to irreconcilable interests. (A chapter about communications (Leavitt) would be good here).

II - THE FORMAL ORGANIZATION

1. DIVISION OF WORK

We already know that the basics of an organization as well as of all other social systems are cooperative effort. But what makes cooperative work more efficient?

The principle of division of work: work is more efficient when divided.

Why?

- the knowledge and skill of a person is limited: the advantages of specialization:
- one person cannot at the same time at two places
- one person cannot perform a function without stopping for rest, etc.

Just think what would happen to the world if division of work disappeared.

There are limitations on the division of work

- biological limitations, making unwise to divide some basic movements of the body;
- psychological limitations, as the division of work takes some of the pride and the interest of the worker, as it takes from him the sense of goal achievement (the solution defended by some: job enlargement);
- technological limitations, as the existing machines will determine the division of work;
- time limitations as is frequently unwise too divide a job so that the individual jobs are not anymore full-time jobs.

The division of work is a function of the size of the organization; the larger the organization, the more developed will tend to be the division of work (related to the idea of a full-time job).

While in other social systems the division of work may be quite established at random, or better, without planning, although following some general laws, in organizations division of work is rational, purposeful, carefully planned and executed.

Departamentation

Criteria to organize (horizontally):

To organize means to divide the work and to group the resultant activities. This grouping may be made according to the following criteria:

1. by purpose (objective)
 - a. by function (broad similarity in work)
 - b. by process (narrow similarity in steps of the work)
 - c. by product or service
 - d. by customer

2. by location (the same work is done in different loc.)
3. by time (shifts)

These criteria help to understand the departmentalization of organizations, but do not provide a formula to group activities.

We are nearer to this formula when we speak about the

Sub-Goals in departmentalization (Newman, 132):

1. To take advantage of specialization (general rule)
2. Facilitate control (basic rule)
3. Aid in coordination (basic rule also)
4. Secure adequate attention (Drucker's activity analysis)
5. Recognize local (human) conditions
6. Reduce expenses (self-evident, underlying)

2. HIERARCHY AND LEADERSHIP

The criteria earlier discussed (purpose, location) to group activities organizing them are horizontal criteria.

Organizations are also vertically structured.

The general idea is: to assign purpose, to regulate, co-ordinate and to control action it is necessary direction, it is necessary that decision-taking be concentrated. This is already a problem on communications, besides being a problem on division of work and specialization (only a few people have the skill to command).

Why it is a problem of communication?

Because communication would become the limiting factor if we want that all people participate in each decision.

Therefore, these two basic reasons (division of work and communication) make the leader necessary.

How he is chosen is another problem.

In social systems in general it may be a question of tradition (blood ties specially);

It may be a question of sheer power (physical power, military power);

It may be a question of control of the means(material and also spiritual) to satisfy the needs of the followers (in the business enterprise, in the beginning, the control of the material means(capital) will be the only determinant of leadership;

It may be a question of skill or knowledge;

It may delegate legally.

We may generalize that leadership comes from the control of the means to satisfy the needs of the followers, if we take these means in a very broad sense.

The need of a hierarchy, the need of decision makers and executers leads to the so called "scalar principle", which refers to the vertical divisions of authority.

When social systems chose their leaders mainly according to the two last criteria (expertise and legal authority) combined, we can call this social system an organization, since we may say that there is “rationality” behind the choice.

From the scalar principle, from the vertical division of authority we can derive the levels of management:

- corporate level – the broader long term goals and policies control only by feed-back

- top management – policies, goals, command in general issues control mainly through feed-back

- middle management – day-to-day performance-control through feed back and supervision – as staff help in the establishment of policies

- supervisory level—day to day contact with workers-control mainly through supervision (direct See Pfiffner, 134)

- Workers

Notice that, to distinguish these levels I use two concepts of control: by feed-back and by supervision. (On this subject see Course 840, notes on class, Jones)

3. LINE ORGANIZATION

The constraint of communications

If you add the scalar principle (vertical division of authority) to the principle of unity of command, you have a line organization (the alternative, as we will see later is the functional organization).

Line organization is the organization in which there is only one line of authority between superior and subordinate, or, in other words, in which the principle of unity of command has been followed.

The traditional theorists in organization considered this principle as others principles of organizations necessary. A condition for the effectiveness of the organization was its conformisms with such principles. This is naturally a too narrow view of organizations and of the human being. Many of these principles, however, have a double quality. First, we may say that the principle of unity of command is likely to make organization more efficient, although the several nuances of the definition of command (should or should not the power of staff be called command: we will discuss this subject later). Duality of command, when it means two bosses for the same activity, leads to chaos; when it means different bosses for different functions, it may work. Second, the concept “unity of command”, as the concept “span of control” and others, although not followed as principles, help in describing organizations.

The result of the line organization is the pyramid. When you see an organization chart, you see that it follows the general form of a pyramid – a few leaders and many followers orderly structured, so that a group of men report only to one boss. The result is that, as you go from top to bottom the number of individuals increases.

Communications

are a key constraint, conditioning the form of this organization.

When you draw an organization chart, what do that lines connecting boxes mean?

- a) they mean superior subordinate relationship, and also
- b) communications

The form of pyramid of organizations, with vertical lines connecting positions, means that formal communications follow as a rule a vertical direction in formal organizations. It is very infrequent to see a horizontal line or a transversal line, since it would endanger the principle of unity of command. As a matter of fact we will see that other than vertical communications do occur in organizations and are essential to its survival.

Communications are an all important factor in organizations. After you divide jobs according to the principle of division of work, you have to group them. At this moment communications become a major limiting factor. How many persons can a leader coordinate, command, and control, and control directly? This is a problem that we will discuss later, when we speak about span of control related to centralization and decentralization. But one thing we can already say: coordination, command and control will be achieved through communications. The means of communication will determine to a large extent the structure of the enterprise.

We already saw that communication is one of the constraints that make a leader necessary. We see now that it also determines how many persons and how can he exert leadership.

Why so much importance to communications?

- We already said that a social system is a system of inter-actions among men. Well, communications are almost synonym of inter-actions, the last being a little broader, in one way, a little narrower in another.

4. AUTHORITY AND LEADERSHIP

We have been speaking about authority, leadership and power. It is time to give a short definition of these three concepts:

Power is the capacity of controlling some part of the environment, of the social as well as of the material environment.

Leadership is the capacity of controlling (till a certain extent, naturally) the social environment, the behavior of people.

Authority is the legal right (the origin of this right since it is formal) may be as variable as possible) of control the behavior of people.

Naturally authority implies some degree of leadership. The assignment of authority to a person has no meaning if it is based in a formal norm or law that nobody is obeying. But you can have authority over people in a determined area without having leadership. This happens when people just refuses to accept the authority.

In organizations what you can delegate is authority, not leadership.

You cannot delegate leadership from top to the bottom; you may delegate leadership from bottom to top. The followers “delegate” leadership to the leader in the moment they accept to have their behavior directed by him.

But you can delegate authority, through an order or law.

This theory was exposed by Barnard. He made however, confusion between leadership and authority: he equated the two concepts.

This theory that the basis of leadership is the acceptance of it by the followers presents a big danger:

It gives the concept of “acceptance” by the follower a two broad meaning. According to this definition, the slave, the prisoner constrained to work is “accepting” leadership. Men working under the threat of being fired, and having no other opportunity) outside, are “accepting” leadership.

On the other hand this theory has a great quality: it stresses that there are degree of leadership, and that this degree of leadership depend on the degree of acceptance.

The acceptance, naturally, will be a function of the amount of reward or threat of punishment. We know, however, as many researches proved, that you are able to achieve a much larger degree of acceptance, of willingness to cooperate, through positive reward, than through negative threat.

However, the larger the distance between leaders and follower, the larger the difference between goals, the more likely the conflict in the achievement of these goals (conflict derived from the scarcity of rewards produced by the social system, occurring when the rewards are going to be distributed).

In these circumstances, the larger the distance between leaders and followers, the more likely that conflicts will be solved through force or bargain.

Leadership by force is more likely to occur (and also is more likely to succeed) when, when the difference on power (here defined as control over the means to satisfy needs) is very large.

Leadership through paternalism - when this difference is not so big.

Leadership by bargain, when power is almost even. The only way to control power is another power to count react. The history of nations, as well as the history of each individual organization are giving us lots of evidences of this fact. Legalism, good intentions do not substitute power.

Machiavel gained so much repercussion in the world because during a long period leadership through force was the more likely to succeed.

Today this is still true in many areas.

The human relations theorists, however, are gaining so much acceptance because in many areas (and particularly in the area of the business enterprises) power became almost even between manager and workers.

Now, bargain is a costly way of solving conflicts. Then the idea of solving conflicts by integration arises.

Returning to the idea of authority, which is essential in the theory of organizations.

The only occasion where authority, besides leadership, is delegated by the follower is in the case of elections.

In the other occasions, authority is delegated by from has power: the owners, who control the capital (means).

Authority and law are very similar concepts, as leadership and norm.

5. CENTRALIZATION VS. DECENTRALIZATION

This issue is directly related to the constraints imposed by communications (for coord. and control).

Two related problems:

1) How many levels of authority should an organization have? From this problem two generalizations can be made:

- the bigger the span of control, the more decentralized will tend to be the organization;

- the more the control is executed through feed-back, the more decentralized is the organization; the more control is exerted through supervision, the more centralized is the organization.

2. Where should decision be located?

- the lower the level of authority where decisions are made, the more decentralized is the organization.

These three variables, span of control, type of control and location are generally interrelated. One is function of the other. But one may be more stressed than the other.

Decentralization does not need to be at all levels.

You can have decentralization at top management level (associated companies, divisions);

or at the worker's level (more workers per supervisor).

Recently decentralization became a gospel in the U.S. It was considered by theorists as well as executives as a panacea. It became a way of life, an ideology associated with the idea of democracy.

The decentralization about which Alfred P. Sloan from General Motors and Ralph J. Cordiner from General Electric are speaking about, the decentralization that many large scale organizations in the U.S. are undertaking is essentially decentralization at top management level.

Originally it is not a result of an ideology, but of sheer need.

Growing operational complexity brought growing decentralization.

(See Alfred D. Chandler, Jr., in the *Business History Reviews*, 1956,2)

This movement began after World War I.

Three levels were established:

1. a top executive office establishes policies, goals and controls by results;
2. a high staff of specialists coordinate and supervise more closely the work of the autonomous units, but which has no authority over operations;
3. operations are handled with discretion by autonomous operating units.

“Decentralization brought problems of control, which were solved according to a pattern closely related to the nature of the business:

1. Those firms whose activities cross established industry lines have tended to product decentralization; (chemical, electrical);

2. Companies producing a relatively restricted line have decentralized on a functional or geographical basis (automotive, oil, rubber, steel) (decentralization in the steel industry, very small);

3. Marketing oriented firms have tended to decentralize on a geographic basis (chain stores, food industry).”

The basic conflict: control x freedom

But it is misleading to identify freedom with decentralization. Decentralization, when undertaken by the top (as usually happens) is a way to get more control, not less control.

“The problem, wrote Donaldson Brown of General Motors in 1927, “is to combine the economical advantages of modern business, with as little sacrifice as possible of that intimate control development ability that is the characteristic of the well managed small business “(Chandler)

When decentralization occurs, direct control gives place to indirect control. This happens because there is a conflict between direct control and:

- size (due to difficulty of communications);
- willingness to cooperate (the idea of participation and self-direction)
- high intellectual level of executives supervised
- lack of standard for comparison (when centralization is total)

(The first conflict is by far the more important.).

At which level should decisions be taken? RULES:

1. The more significant the decision (consequences for the goals or the organization, interdependence, long range effects and its irreversibility)...

2. The less speed necessary...

3. The more difficult is the decision, requiring more capacity from the decision-maker...

4. The less amount of knowledge about the specific issue is required...

5. The less time (cost of time) required to make the decision...

6. The less routinized the decision...

...the decision should be made higher in the hierarchy. How high is a problem about which no generalizations are possible.

Span of control

The traditional theory says that the span of control should be small. The “small” is relative: 3-20; better: 6-8.

Why? There is a limit in the number of persons that can be efficiently supervised:

- Physical limitation: a person cannot be in two places at the same time, neither take two or more actions in the same time;

- cognitive limitations: to control it is necessary to know.

But, if you held the span of control small, you get too

- you have too much noise in vertical communications
- it is expensive (too many line executives)
- communications are more slow

- moral is not so good: less people has opportunity to participate in decision-making, to develop self reliance and self initiative, to have contact with top executives. This was observed in the Sears case: the span of control was increased so much that executives could not exercise close control over managers; good morale resulted.

Besides, each situation is particular:

1. certain situations require control through supervision, other through feedback;
 - 1.a. the means of communication available;
2. routine situations require less control;
3. the higher the responsibility of the person supervised, the less the need of control;
4. the physical location of the persons supervised in relation to the supervisor varies;

Conclusion: no principle

A research was made among Ohio manufacturing companies (Pffner, 1957): (averages)

- operative supervision: 16.7 persons
- executive supervision: 6 persons

With the advent of the computer there is a prospect of large transformations.

Trends to:

- centralization
- elimination of middle-management (Leavitt, Pffner).

6. ADJECTIVE FUNCTIONS

Organizations have adjective and substantive functions. The distinction between then will depend on the goals of the organization.

Substantive functions (direct) achieve directly the basic goals of the organization.

Ex.: in a manufacturing enterprise; production, marketing, finance.

Ex.: in a warehouse organization: warehousing, marketing, finance.

Ex.: in a club of bridge: to promote the play of bridge among members.

Ex.: army: to prepare soldiers to war and to maintenance of order; to execute these two functions.

Adjective functions (indirect)

are the functions that contribute indirectly, through the substantive functions, to the achievement of the goals of the enterprise (org.).

1. staff functions
2. services

1. STAFF FUNCTIONS

An organization add staff functions in order to overcome the limitations of the span of control of the executives.

Staff people extend the personality of the executive:

1. saving his time (sheer time)
2. completing his knowledge

Example: the president of Brazil, and the presidency.

The essence of the concept of staff is the idea of advice. Staff has no line authority (at least theoretically).

Origin and development of staff:

It seems that the first time that staff was utilized purposefully was in the army of Frederic the Great of Prussia.

(By the way, why is the theory of organization so frequently limited with the organization of armies? Because it was one of the first large scale organizations developed in modern times).

As organizations grow in size, there is an increasing need for staff people. The reason:

when organizations are small, the staff functions are responsibility of the line executives; the executive has to be a specialist in many areas;

when organizations grow, it is possible to make a specialty a full time job; in this moment the organization hires a staff person (a design engineer, a chemist, a lawyer, a statistician, a psychologist, an accountant) which will be able to do the job more skillfully or more cheaply (in the case of a general assistant) than hiring a new line executive. Besides, hiring a new line executive could lead to the need of dividing a function (production manager, for instance) which should not be divided.

So, the basic idea of staff is to make full use of the specialist.

In the modern large scale enterprises of the U.S., if we divide the people in line executives, staff and workers, the second one is probably the one that is growing more rapidly. The reason why staff people are necessary in larger number than executives was already stated. On the other hand, with the advance in technology, the number of workers does not increase too much (in the U.S., from 1949 to 1957 the rate of growth for non-production workers was 15 times as great as for those in direct production (Pfiffner, 126), while staff people become necessary as production (not number of workers) increase (with exception of personnel staff).

The role of staff

If we, roughly divide human work in

- thinking, and
- action or, better, execution

staff work will be classified as thinking work. The result of his work will be presented in written or verbal form (what is a kind of action, but not of execution). The executive will take action.

1. Fact finding (research, assembling elements for decision);
2. Planning and organizing (intrinsically related) laying out production, scheduling, fixing responsibility, planning expansion, budgeting, writing policies, goals, standards, etc.)
3. Communication (explaining and interpreting orders, discussing proposed ideas, preparing written orders, promoting exchange of information between line people, developing enthusiasm among line members);
4. Controlling (comparing standards with achievements).

Types of staff

1. General staff – the assistant is the prototype; in business organizations we can consider general staff the budgeting staff, accounting, administrative planning, etc.
2. Special staff – the function is executed by an specialist who definitely add knowledge to the knowledge of the executive – lawyer, economist, R & D, etc.

This classification, as many others, is quite arbitrary, but helps to understand staff functions.

The “authority” of staff (Pfiffner)

2. superior articulation (ability to persuade)
2. technical competence
3. command through status (when his position is higher than the one of the executive who receives ‘advices’)
4. command through sanction (appeal to superior)
5. command by default (omission of line executive by strategic reasons or not)

Functional organization

When the staff people has real authority, the principle of unity of command is destroyed completely, and, instead of a line organization as people prefer to call), we have a functional organization. The chief advantage of the functional organization (proposed initially by Taylor, at worker’s level, but today more used at top management level) is the full use of specialization. The chief danger, the conflicts that may arise from the lack of unity of command. The areas of authority must be very carefully described, but some confusion will be inevitable.

2. SERVICES

are quite near to the idea of staff. Service people are also specialists. Instead of giving advice, their chief work is to execute some auxiliary functions as communications, transportation, warehousing, purchasing, maintenance, etc.

Again this distinction between service and staff is arbitrary. There is a grey area, where it is difficult to define if it is service or staff (production control, for instance). (For more development of this chapter in service see Newmann).

Policies and Goals

(including a discussion of the goals of the business enterprise)

The Formalization of Organizations

(charts, job descriptions, written policies, “credos”)

III – THE INFORMAL ORGANIZATION

THE INFORMAL ORGANIZATION

(relations with the formal organization, overlays)

THE THEORY OF EQUILIBRIUM OF ORGANIZATIONS

(Barnard theory, its critic)

SMALL GROUPS

(the elements of social behavior, sociometry, etc.)

STATUS

(importance in organization, origin, symbols)

IV – THE PROCESS OF CHANGE

INTERNAL AND EXTERNAL REWARDS

PRODUCTIVITY AND MORALE

LEADERSHIP AND CHANGE

V – THE BRAZILIAN BUSINESS ORGANIZATION AND THE EXECUTIVE

(brief analysis of the historical development of the business organizations in Brazil, and the role of the Brazilian executives tying the success of their organization with the economic development of the country).