



## Importance of Modern theory of organisation: Analytical study

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### Abstract

The Modern organization theory considers the dynamic conditions at micro and macro levels. It recognizes the dramatic changes taking place in the society. The Modern organization theory is a collection of views of different thinkers of organization. The theory is centered around the concept of a system hence it is termed synonymous with system theory. For the first time Chester.

Barnad (1938) viewed organization as a social system of cooperative interactions among the members, organization, individuals and customer are parts of environment. Subsequently Mary Parker Follet (1940) emphasized on the integration of individual and organizational units through systems approach. Some more social scientists like Katz and Kahn presented a comprehensive theory of organization using open system approach.

**Keyword:** system, system approach, dynamic, organisation, integration environment, theory etc

### Introduction

An organization is an economic and social entity in which a number of persons perform tasks to achieve a common goal. The structure and activities are clearly defined to facilitate the flow of work. The principles of organization provide guidelines for smooth functioning of the organization. The organization theory explains the structure and design of Organisations. It helps to understand, diagnose and respond to organizational needs and problems.

The classical theory of organization has been developed in three streams:-

1. Bureaucracy theory
2. Administrative theory
3. Scientific management theory

The classical theories of organization stresses on increase in productivity but ignores the human relations.

The new classical/modern theory of organizations emphasized the social factors and emotions at the work place. It advocates that the participative approach, human dignity and the communication are the cornerstones of efficient management.

**1. Systems Theory:** Organisational relatives have been investigated from different points of view. Different theories have thus emerged, a need has arisen of looking at the organization as a whole. Advance in scientific knowledge in general have made possible the formulation of a general systems theory of the integration of scientific knowledge.

The systems approach is particularly relevant to the study of complex public organization that have elaborate, structures and that are embedded in larger social, political and economic environments. The total system and sub-system emerges as a result of the interaction of the various sub-systems, the total system and sub-systems also interact with the environment, which may influence or be influenced by the system or the sub systems.

The system approach has the following features.

- System is a group of interrelated but separate elements.
- The arrangement of all the elements must be orderly.
- There must be proper communication.
- Finally the interaction should lead to achieve a common goal. Figure:- Cycle of System Approach

Input- Transformation Process- Output  
Feedback

**2. Contingency Theory:** The Modern approach to organization theory underlines the importance of dynamic interaction with environment and other situational factors influencing organizational design.

Contingency approach is based on the view that there is no best way to manage. In fact there are many effective ways to perform various management functions. This theory emphasized that the best way to lead, plans, organize, and conduct managerial activities varies with the situations.

### Contingency approach has the following features:

- Management action is contingent on certain action outside the system or subsystem as the case may be.
- Organisational action should be based on the behavior of action outside the system so that organization should be integrated with the environment.
- Because of the specific organization environment relationship, no action can be universal. It varies from situation to situation.

Contingency theory concentrates on practical, day to day situational puzzle solving assignments the manager encounters. It has become popular because of several reasons which are as follows:- i) Conceptual framework.

1. Linkage between theory and practices.
2. A basis for introducing changes.
3. Contemporary issues in Organisation Theory:- Different theories of organization have been discussed which clearly state that these are three types of approaches; namely:
  - iv) Wide applicability.
  - v) New micro phase.

- i) Structural Functional Approach
- ii) Socio-Psychological Approach
- iii) System-Contingent Approach

All of them are mutually dependent as they have inherent relationships. Each theory is incomplete unless it is supplemented by other two approaches. However at the same time, it is equally difficult to generalize a single theory of organization which can explain the organization in totality.

### **Conclusion**

Modern theory of organization considers the dynamic conditions at the micro and macro levels. The system theory emphasized on the integration of individuals and organizational units through system approach. It is reflected in terms of inputs, process, output and feedback.

The Contingency theory explains that the management action is contingent in certain action outside the system. The behavior should be integrated with the environment.

The Contemporary issues in organizational theory suggests to consolidate different views to understand an organization.

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