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## Organization Theory, Bureaucracy, and Public Management in a Time of Transformation



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### Synonyms

[Change](#); [Government response](#); [Public sector](#)

### Definition

Theoretical fundamentals of organizations and their practical implications for contemporary governance: from Weber to New Public Management.

### Key Dominant Theories of Organization

Theories of organization contribute to “organization theory,” an enormously challenging field of study that Waldo (1961) once called an “Elephantine” problem, one that depicts the impossibility to come up with a unifying framework that could offer a generalizable model of how humans form organizations and behave within them. The multiplicity of views on the subject has informed major theoretical streams that either complement

each other or are diametrically opposed exposing each other’s deficiencies. Broadly speaking, the theories of organization can be classified into mainstream and critical (Fischer and Sirianni 1984) or, as defined by Farazmand (2002), under the three categories of instrumental rationality (classical and neoclassical theories), systems theory and its off-springs, and critical and interpretive theories. These include, among others, classical (bureaucratic) theory, scientific management of organization, bounded rationality theory, systems theory, contingency theory, transaction-cost theory, institutionalism, chaos and transformation theories, as well as more multifaceted theoretical frameworks that account for power relations, politics, and control, for example, Marxist and neo-Marxist theories (Farazmand 2002, p. 20).

The mainstream theories of organization are based on the understanding that hierarchical structure, managerial control, efficiency, and work deskilling via work standardization (Farazmand 2002, p. 27) are the main features of modern organizations. It was Max Weber who in his classic description of the “ideal type” bureaucracy saw the dual-role relationship between the rational-logical model as the best form of organization of the modern state and the potential for oppressive and dehumanizing bureaucratic authority (Fischer and Sirianni 1984, p. 7). Furthermore, Frederick Taylor’s scientific management work laid the ground for the rational model of organizations by praising internal efficiency

maximization, work standardization, separation of managerial from operational functions, and maintenance of effective managerial control (Farazmand 2002, p. 26; Rainey 2014). Though widely accepted, this organizational model has also been criticized for its mechanistic approach to the division of labor and for the obsession with managerialism that disregards worker rights and promotes employee alienation. Similarly, within the administrative management school (Rainey 2014), Gulick and Urwick's POSDCORP model and, later on, Fayol's principles of management too emphasize the structural and functional rigidity of the efforts for organizational control and efficiency in a rapidly industrialized world (Farazmand 2002, p. 27).

Consequently, development of the theories of organization marks a distance from the purportedly purely rational, value-free models, by replacing the focus on efficiency and predictability with a more informal approach. Famously known as the Hawthorne studies, the research of Elton Mayo, Roethlisberger, and Dickinson inserted the employee morale and motivation variable into the productivity equation (calling it human relations theory) (Farazmand 2002, p. 28) to illustrate the influence of social and psychological factors on work behavior (Rainey 2014, p. 27). Furthermore, as an antithesis of the administrative school, Herbert Simon developed his "bounded rationality" concept (within the "behavioral theory" construct) – a realistic understanding of the constraints imposed by time, insufficient information, and resources on managerial ability. Furthermore, it was Dwight Waldo (1948) who attacked the politics – administration dichotomy exposing the so-called scientificity of scientific management that is the epitome of "pure rationality" in modern organizations (Farazmand 2002).

Systems theory, on the other hand, draws on the notion of employing a common communicative tool to study various types of systems based on their shared characteristics. Depending on their dynamic input-output nature, systems (organizations) are either open and adaptive or closed and insulated from their environment (Rainey 2014). The process typically involves a

mobilization of a system's internal subsystems (social structure or technology) to neutralize external forces that aim at destroying its internal equilibrium (Farazmand 2002, pp. 30–31). Similarly, contingency theory accepts that environmental contingencies are the determinants of how effective and adaptable an organization will be in the face of external uncertainties. On the other hand, population-ecology theory, closely related to systems theory, emphasizes organizational "fit" as a readiness to face environmental changes (Farazmand 2002).

Institutional theory (also associated with systems theory) pays attention to various questions of the organizational field pertaining to structure, process, and values as key properties of institutions (Farazmand 2002, p. 73). Theorists of classical institutionalism, such as Herbert Simon, accentuate on functionalism, stability, efficiency, instrumental, and bounded rationality as characteristics of organizations' institutionalization that reinforce power relations within systems.

Furthermore, conceptually opposed to earlier theories of organization that promote bureaucratic hierarchy, "market" theory in its many faces (e.g., transaction-cost theory, public choice theory, agency theory) is based on the premise that rational individuals pursue their self-interest in the market environment through bargaining, exchange, and cost-minimizing – benefit-maximizing strategies (Farazmand 2002, p. 34). Inherent to the private sector in purported free-market conditions, corporate capitalism's dominant market theory today has taken over the domain of public administration and organization theories promoting individualism, personal utility-maximizing, and rationality above all, prompting an increasing number of critics to point out the fundamental flaws of market theory and corporate capitalism and noting the monumental negative consequences for average and working class people worldwide.

Critical and interpretive theories, on the other hand, diverge from the mainstream organization theories in their rejection of instrumental rationality as a tool for social domination (Farazmand 2002, p. 48). The emphasis, instead, is on the individual who takes center stage in redefining

his/her role in the organization. This critical, interrogating stance toward reality (and society more specifically) reflects the complexity of organizations as an arena of human interactions and the role of the individual who is making sense of it all in the quest for emancipation and freedom.

In addition, there is a slew of emerging theories of the organization gaining traction in the realities of a globalized world that deserve a mention. Garbage can theory, on the one hand, is a metaphor for organizations viewed as garbage cans in which “problems are tossed” and interchangeably become solutions looking for issues to deal with (Farazmand 2002, p. 64). Natural selection theory, on the other hand, is an offspring of the garbage can model and builds on Simon’s bounded rationality, but rejects causality and embraces the process of sense-making as a tool of the interpretive theories (Farazmand 2002, p. 66); it also calls for survival of the fittest, and selection-in and selection-out in a highly uncertain world. Both theories, however, tend to oversimplify organizational relationships and what motivates people within their structures.

Furthermore, within chaos theory, organizations (viewed as open and dynamic systems with the potential to reinvent themselves through reproductive processes) build on nonequilibrium and instability to transform into a qualitatively new state (Farazmand 2002, pp. 86–87). Next, organizational elite theory rooted firmly in bureaucratically structured organizations delineates the perfect environment that gives elites political power tools (Farazmand 2002, p. 105). Public organizations then are controlled by select elites whose decisions (or nondecisions) serve a particular political agenda which has implications for the legitimacy of the administrative state.

## **Bureaucracy – Essence and Function**

The Weberian (ideal) type of bureaucracy as a definition is well-known and considered almost axiomatic. As Farazmand (2010) posits, bureaucracy designates a large organizational or institutional formation with clearly defined structure, process, normative values, rules, and regulations

in a mix of merit and patronage framework (p. 256). In other words, bureaucracy denotes the “machinery of government” (both military and civilian), designed to effectively run the state through its legislative, judicial, and executive branches (Farazmand 2010, p. 247). Interestingly, both Max Weber and Karl Marx recognized the nature of bureaucracy as conducive for “social and political domination” within a class society (Fischer and Sirianni 1984, p. 13). The governance paradigm it creates and perpetuates only reaffirms the dominant societal power structure, thus handing it a political role in society. The stakes for control over bureaucracy then are very high (Farazmand 2010; Fischer and Sirianni 1984).

In addition, Farazmand (2010) sees bureaucratic politics at the core of governance; as an instrument for accomplishing political goals it has a dual role – it is either a governance tool of the elite or a systems maintenance instrument, or both (Farazmand 2010, p. 249). The “strengthening public bureaucracy” (Farazmand 2010, p. 256) involves social, policy, and attitude representation (e.g., social groups inclusion, legislating on behalf of minorities, desegregation, and equal pay, among others). In their position as an intermediary between the state and the public, bureaucrats inevitably assume a role in democratic governance through channeling first-hand information into the process of policy-making. Citizens’ daily interactions with street-level bureaucracy serve as important evidence of the trust (or distrust) in the public sector and as a corrective to the bureaucrats’ authority (Peters 2010, p. 216), as well as to the politicians’ personal greed or ideological abuse of power (Farazmand 2010).

When discussing government in abstract terms, we all admit that the rules of authority that define the power of the bureaucrat often intersect with a self-imposed short-sightedness, courtesy of its hierarchical structure. In real-life situations, however (e.g., a state of national emergency), when resources need to be mobilized, the ability of bureaucratic structures to provide technical expertise becomes the epitome of timely government response and leadership with the

potential to gain back citizens trust – yet, it is often the politicians that may be blamed for policy inaction that defies prompt and timely response. As professionals, bureaucrats know what to do, but they must conform to the demands of political authorities and in the manner they dictate them to do. The gaps emerge when those two often conflict – “politicians’ aspirational wishes versus bureaucrats’ expertise and professionalism” (Farazmand 1997, 2009).

### Public Management in a Time of Major Transformations

Rainey (2014) insists that public management need not be bashed as noneffective and nonperforming; in fact, many public managers perform better than commonly acknowledged. To illustrate that, he outlines the distinctive characteristics of public management and organizations accounting for environmental factors (i.e., absence of economic markets, formal legal constraints), organization-environment transactions (e.g., public goods production), and organizational roles, structures, and processes (e.g., goal ambiguity, hierarchical structure) (Rainey 2014, p. 80). In such a setting, the functional analogies and complex interrelations between government, business, and nonprofit organizations (Rainey 2014, p. 60) give some scholars the reason to believe that this is the path to better efficiency in public management.

A side effect of the prevailing structures of market-oriented bureaucracy through privatization and contracting out is the weakening of the functions of representative institutions and the distortion of the notion of democracy as we know it. As Guy Peters defines it, it is a democracy in which accountability shifts from input (policy choices) to output (evaluation of the public sector performance) (Peters 2010, p. 218). Aptly called output democracy, this phenomenon reflects the fixation on performance measurement (a core feature of the New Public Management) and engages in measuring the outputs of democracy, for example, citizen (or rather customer) satisfaction with services. Even though this is viewed as a form of public participation, albeit

somewhat passive (Peters 2010, p. 218), equity considerations emerge since service delivery via contract personnel may diminish the capacity for feedback and control. In addition, with the phenomenon of regulatory capture, accountability suffers and plutocracy is encouraged (Peters 2010, p. 220; Farazmand 2010, p. 254).

The environment in which policy subsystems, iron triangles, and advocacy coalitions interact with government brings us collaborative public management (Rainey 2014, p. 142). Closely related to the New Public Management (NPM) in the United States, it worships the practices of privatization, contracting out and outsourcing that have made ways in public organizations reconfirming the premise that in a globalized, interconnected world private sector practices are superior. In this “blurring of the sectors” (Rainey 2014, p. 57), private-public partnerships have become the norm marking the interweaving of the functions of public, nonprofit, and business organizations; the argument being that they are not that different after all. An appropriate example of such a symbiosis would be the newly announced private-public partnerships touted as the most adequate response to the emergency COVID-19 situation in the United States. In one of the first updates on the Coronavirus at the White House Briefings, one of the doctors in the WH Task Force made an interesting statement noting that the main achievement of the moment was the overcoming of internal bureaucracy at the CDC and the FDA (both government agencies) to ensure a quick response. Further on, the measures to combat the pandemic were declared a collaborative public-private partnership that would work to ensure that disaster responsiveness would be at par (e.g., sufficient consumer supplies, medications). How this will play out and if it will follow the recent path of “too big to fail” in which corporate and political elites were bailed out in a similar, not-so-distant situation at the expense of citizen taxpayers is yet to be seen. However, there is always the possibility that this may well be the last trial of the effectiveness of the new public management model. In the alternative, the collaborative effort might just save lives.

**Cross-References**

- ▶ [Chaos Theory](#)
- ▶ [Contingency Theory](#)
- ▶ [Critical Theory](#)
- ▶ [Garbage-Can Model](#)
- ▶ [Institutional Theory](#)
- ▶ [Max Weber and Organizational Theory](#)
- ▶ [Public Choice Theory of Organizations](#)
- ▶ [Scientific Management Theory of Organizations](#)
- ▶ [Systems and Complexity Theories of Organizations](#)

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