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Organizational theory: From classical sociology to the 1970s

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Abstract

Organizations are the fundamental building blocks of modern societies. So it is not surprising that they have always been at the center of sociological research, starting with Marx and Weber. And although Durkheim did not explicitly analyze organizations, his work has clear implications for the study of organizations. We review the insights of these three pioneering sociologists and then discuss ideas about organizations proposed by other scholars, from both management and sociology, from 1910 to the mid-1970s. Marx, Weber, and Durkheim's theoretical frameworks were tools for understanding the transition to modernity. Marx and Weber saw organizations as sites of class struggle and rationalization, respectively, while Durkheim focused on social cohesion and collective sensemaking, both of which underpin organizations. Later theorists focused more closely on the meso-level and micro-level processes that happen within and between organizations. These later theorists emphasized pragmatic concerns of optimizing organizational efficiency and labor productivity (scientific management and human relations theories), processes of affiliation and hierarchy (Simmel), limits to rational decision-making (the Carnegie School), and environmental conditions that shape organizational processes and outcomes (contingency theories). A companion paper describes the three perspectives (demographic, relational, and cultural) that have dominated sociological research on organizations since the mid-1970s.

1 | INTRODUCTION

Our goal is to lay out the history of organizational theory. But before we begin, we want to be clear about terminology—about the meaning of "organization" and "theory" in particular. *Organizations* are collections of people, material assets, financial resources, and information, whose members have common goals that they cooperate to pursue. People create organizations when they cannot achieve their goals by working alone, in small informal groups, in families, or in dispersed social movements. People create formal organizations when the actions they must undertake to achieve their goals require the joint, sustained, and coordinated efforts of many people. Organizations are more than mere collections of individuals however: they are sovereign actors, with legal powers bestowed by the state (Coleman, 1974, 1982). This gives them autonomy, allowing them to influence individuals inside and outside their boundaries, the communities in which they operate, other organizations, and society at large (King, Felin, & Whetten, 2010).

Theory, to us and many other scholars, is "theories of the middle range," meaning logically interconnected sets of propositions, derived from assumptions about essential facts and causal mechanisms that yield empirically testable hypotheses and deal with some delimited set of social phenomena (Merton, 1968, pp. 39–72). Because organizations are the fundamental building blocks of modern society (Perrow, 1991), it is not surprising that theories of organizations have been proposed by scholars in many fields: sociology, economics, political science, and management. Here, we focus on theories of organizations developed in sociology and management. While there are differences between the two groups—sociologists tend to focus on how organizations actually operate and how they affect society, while management scholars tend to focus on how and why organizations are effective and efficient—the two groups have interacted for the past 50 years, collectively creating a body of work that is the core of organizational theorizing. We present three starting points for organizational theory in classical sociology, and then discuss the work of other important scholars up to the mid-1970s. In a companion paper (e.g., Haveman & Wetts, 2018), we introduce the three perspectives on organizations that have dominated contemporary research for the past four decades.

2 | CLASSICAL SOCIOLOGISTS ON ORGANIZATIONS

2.1 | Karl Marx

Marx did not develop a theory of organizations as such, but his thinking about the rise of industrial capitalism is relevant to many studies of organizations. Marx (1867/1992) held that the fundamental division in society is class, and that the lower classes (workers) are in perpetual struggle with the middle and upper classes (bourgeoisie, capitalists, and landowners). He also argued that capitalism's corollary—the industrial division of labor—alienates people from the products of their labor and from themselves and their fellows. Marx lived in England, the first nation to industrialize, when he wrote his most well-known books, so he observed firsthand the emergence of industrial capitalism.

Marx viewed the development of capitalism as a consequence of technology (changes in production systems, particularly the shift from home-based to factory-based manufacturing) and economics (class struggles and competition among capitalists for profit). Indeed, he put economics in the driving seat, arguing that technological innovation in industrial enterprises is made necessary by the economic system that the bourgeoisie put in place to dominate workers. Consider this quotation from *The Communist Manifesto* (Marx & Engels, 1848/1964, pp. 62–63):

> The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify.

Thus, Marx and Engels argued that capitalism necessitates the ceaseless creation of novel technologies and work processes, which alter the ideologies that result from (and justify) relationships of production and exploitation. If individual capitalists did not find new ways to extract more profit from workers, market pressures would force them out of the capitalist class. In Marx's view, then, workplaces were important sites of exploitation and alienation.

Marxist theory undergirds research on power differences between workers, managers, and owners.[1] Well-known modern Marxist analysts of organizations include Robert Blauner (1964), Harry Braverman (1974), Michael Burawoy (1979), and Richard Edwards (1979). These scholars viewed firms as tools of exploitation, domination, and control of workers by capitalists and managers who set wages far below the value that workers add to products. Scholars also took inspiration in Marx's claim that cooperative nature of work could create solidarity and resistance among workers, and thus a revolutionary class consciousness (Hyman, 1975). More recent scholarship in this tradition has extended a Marxist understanding of workplaces as sites of class domination and exploitation to examine how identities like gender, race, and nationality shape the labor process (e.g., Salzinger, 2001) or how firms build trust relations to exploit highly educated service workers in contrast to the less educated production workers studied by earlier scholars (e.g., Adler, 2001).

A second line of Marxist analysis focused on the organization of the capitalist class and its relationship to corporations (e.g., Useem, 1984). This work led to an interest in the constraints and opportunities afforded by corporate board interlocks (e.g., Mizruchi 1982; Mintz and Schwartz 1985). Related work examined how, when, and why state officials tended to craft public policy in the interest of the capitalist class (e.g., Block, 1987; Domhoff, 1983). A third line of Marxist analysis examined the growth of multinational corporations as capital accumulation, thus linking firm structures to the developmental trajectories of nation-states (e.g., Hymer, 1972).

2.2 | Max Weber

In contrast to Marx, whose explanations of social life emphasized economics, Weber held that ideologies also shape societies. For example, in *The Protestant Ethic and the Spirit of Capitalism* Weber (1904–1905/1958) argued that the ascetic ideals of Calvinism facilitated the rise of capitalist institutions. He recognized the importance of the subjective meanings, intentions, and interpretations that people bring to any social situation and argued that behavior is the joint outcome of internal states and external factors. The Weberian mode of sociological understanding—*verstehen*—requires us to interpret the meanings that people import into society, which guide their reactions to that society.

Most germane to the study of organizations is Weber's (1968/1978) analysis of rational-legal bureaucratic structure and functioning—specifically, of the Prussian military and government administrative apparatuses. Note that in describing (and prescribing) the bureaucratic structures of the military and government offices, Weber was comparing state bureaucracy to administration of the state by notables. He argued that without an efficient and impersonal state bureaucracy, capitalist economic development would be hindered.

Weber believed that bureaucratic coordination of human actions was the hallmark of modern society, the result of the increasing rationalization of human activities. He talked about bureaucracy as an ideal type—an abstract concept helpful in theorizing because it represents the purest understanding of a theoretical construct—rather than a form of organization seen in the real world. Weber's (1968/1978, pp. 956–963) ideal-typical bureaucracy consists of the following elements:

- official jurisdictional areas whose regular activities, patterns of formal authority, and employment are ordered by rules (i.e., by laws or administrative regulations);
- a hierarchical structure in which authority flows from top to bottom and information flows from bottom to top;
- formal, written documents that allow organizational memory, accountability, and continuity;

- separation of bureaucrats' official capacities from their personal lives (e.g., managerial decisions are based on written rules rather than personal bias, and personnel are functionally rather than personally involved in their duties);

- specialization in training and a clear division of labor;

- official activity that requires the full working capacity of bureaucrats; and

- management that follows general, written rules, which are more or less exhaustive.

In combination, these features make the ideal-typical bureaucracy effective, as it gets the right job done the right way, and efficient, as it gets the job done with the fewest inputs per unit output. In Weber's (1968, p. 973) own words:

> The decisive reason for the advancement of bureaucratic organization has always been its purely technical superiority over any other form of organization. The fully developed bureaucratic apparatus compares with other organizations exactly as does the machine with the non-mechanical modes of production. Precision, speed, unambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of friction and of material and personal costs—these are raised to the optimum point in the strictly bureaucratic administration.

There are three reasons why no real organization exactly mirrors the features of Weber's bureaucracy (Perrow, 1986). First, no organization can completely eliminate outside influences on its operations, because its employees have lives outside that organization and because every organization depends on suppliers, customers, and government authorities, and so must often bow to their demands. Second, the features of the ideal-typical bureaucracy function perfectly in an inert world where nothing is changing and everything can be predicted. But no organization operates in a static environment, so its employees must experiment to adjust to change. Third, people are only limitedly rational (Simon, 1947/1976, 1955), so they cannot design the formal structures of organizations to handle all possible situations.

Weber's ideas inspired early work by sociologists at Columbia, starting with Merton's thoughts on the things that Weber ignored, namely, the dysfunctions of bureaucracies and the things that they did poorly (Merton, 1940), which led to "unanticipated consequences" (Merton, 1936). In this vein, Merton's students studied how bureaucratic organizations really operate (e.g., Blau, 1955; Gouldner, 1954; Selznick, 1949).[2] These studies questioned Weber's theory and in doing so, extended it to consider informal aspect of organizations—power, conflict, culture, and informal social groups—and their impact on formal goals, rules, and procedures. These studies also showed how cultural, economic, and political factors shape organizational goals, structures, and operations. For example, Selznick's (1949) study of a government agency revealed that organizations are constrained by external actors' agendas, and that when organizations co-opt those actors by bringing them into their leadership structure, organizations' own goals are fundamentally altered.

Currently, Weber's ideas are fundamental to studies on organizations as institutions that emphasize the importance of history (sensitivity to the peculiarities of time and place) and that are centrally concerned with understanding what people in that time and place think and feel, and how they react to external structural forces (e.g., Dobbin & Dowd, 1997; Scott, Ruef, Mendel, & Caronna, 2000). Weber's ideas also reverberate in the study of power and relationships within and between organizations; this is seen in the explicit concern for the different understandings of the social world that arise from inhabiting different positions in structures of exchange (e.g., Keltner, Gruenfeld, & Anderson, 2003; Magee & Galinsky, 2008).[3]

2.3 | Émile Durkheim

Durkheim, like Marx and Weber, studied the emerging industrial order—this time, in France rather than England or Germany. But in contrast to Marx and Weber, Durkheim focused on how the movement from a traditional, undifferentiated, and holistic social order to a modern, highly differentiated, and interdependent one affected social cohesion

and solidarity—the bonds between members of the society. Although he did not analyze organizations as such, three of his works have important ramifications for organizational sociology.[4]

First, in *The Division of Labor in Society*, Durkheim (1893) proposed that as societies moved from traditional (small, rural, and agricultural) to modern (large, urban, and mixed), people's social connections shifted from being holistic and undifferentiated, based on similarity of role (mechanical solidarity) to being based on difference of roles and interdependence between them (organic solidarity).[5] Because industrial modes of production put people in different kinds of jobs and in different kinds of organizations, people in modern societies have less in common than people in traditional societies, who (almost) all did the same work in similar settings. People in traditional societies were self-sufficient (growing and making almost everything they needed), while people in modern societies were interdependent (e.g., the butcher depended on the farmer, baker, and builder). In sum, then, this work explains how people's attachment to others changed as societies modernized.

Second, in *The Rules of Sociological Method*, Durkheim (1982/1995) emphasized that society is a reality that cannot be reduced to psychological factors and cannot be understood by analyzing its components. Society has an objective existence outside any person's consciousness, and the objects of sociological inquiry are "social facts" that confront members of a society, whether or not they endorse, or even acknowledge, those facts. Third, in *The Elementary Forms of Religious Life*, Durkheim (1912/1996) laid out a cultural theory of symbolic classification: people collectively make sense of the world by classifying social actors and objects, assigning meaning and value to them, and developing causal models to explain their power. In contrast to Marx, who saw culture as largely epiphenomenal and reducible to the economic bases of social structure, Durkheim argued that ideas "follow their own laws once they are born" (p. 426) and can act on the material world, shaping the structures from which they arose.

Durkheim's concern with experiences of solidarity and anomie arising from the industrial division of labor influenced the human relations school to attend to how the work process fulfilled (or failed to fulfill) workers' social and emotional needs (see especially Mayo, 1933, 1945). In addition, Durkheim's concern with symbols, ritual, and shared meanings reverberates in research on organizational culture, meaning an organizations' values and norms—what is good or important and what is expected or taken for granted, respectively (e.g., Deal & Kennedy, 1982; Peters & Waterman, 1982). These social facts are exterior to individual organizational members. When organizational cultures are strong—accepted by all (or most) organizational members—they bind members together. But when organizational cultures are weak and subcultures develop within differentiated groups, integration into a coordinated whole is problematic. Finally, Durkheim's emphasis on external ideational constraints that shape behavior resonates with the insights of institutional theory that organizations' legitimacy and survival depend in part on conformity with normative practices and "institutionalized rules" which may or may not promote efficient functioning (e.g., Meyer & Rowan, 1977; Powell & DiMaggio, 1991). Thus, Durkheim's work emphasizing the importance of shared beliefs has influenced scholars of organizations to attend to normative, social, and emotional elements of exchange and organizing that tend to be neglected in more purely economic approaches.

3 | OTHER THEORIES OF ORGANIZATIONS

3.1 | Georg Simmel

In contrast to Marx, Weber, and Durkheim, Simmel was mostly not interested in politics and current affairs. Many of Simmel's writings were in philosophy and ethics, rather than sociology, and for most of his career, he held no standard academic appointment. These facts help explain why there is no large school of Simmelians in contemporary sociology —although organizational scholar Peter Blau (Blau, 1977, 1994; Blau & Scott, 1962; Blau & Schoenherr, 1971) strongly identified himself as a disciple of Simmel, as did Miller McPherson (e.g., McPherson, 1983; McPherson, Popielarz, & Drobnic, 1992). And, of course, Simmel's ideas permeate research on social relations (e.g., Burt, 1992; Obstfeld, 2005).

Simmel's intellectual territory—at least, the part that lies within sociology—is the study of interaction and affiliation in small groups. He attended mostly to affiliation, which today we would call social ties, and the conflict-

engendering twin processes of subordination and superordination, which today we would call hierarchy (Simmel, 1955). While agreeing with Marx that conflict is endemic to social life, Simmel departed from Marx in arguing that conflict may not produce social change; instead, conflict may sharpen or crystallize existing social divisions.

In addition to his well-recognized attention to affiliation, Simmel understood the importance of understanding numbers (Simmel, 1950). Simmel's definition of social structure encompassed both the pattern of relationships among people (network structure) and the pattern defined by their relative numbers in various social positions (demographic structure). The idea that social structure inheres in social relations and distributions remains influential in contemporary research on organizations, most strongly in research on social networks, especially studies of affiliative interactions ("ties") between individuals and organizations. Modern research on power and resource dependence takes from Simmel a recognition that a dyad is fundamentally different from a triad and a triad from a tetrad, etc. Finally, modern research on organizational identity, which often takes an interactionist stance, is also indebted to Simmel.

3.2 | Scientific management

Scientific management aimed to increase worker productivity and organizational efficiency. Its most prominent proponent was Frederick Taylor (1911).[6] He sought to redesign industrial work through six simple steps (Shenhav, 1999):

1 Find the most productive worker.
2 Break the tasks this worker performs into their simplest components and formalize these tasks into a set of rules and procedures that all other workers can follow.
3 Analyze human capacities to perform these formalized tasks.
4 Hire and train unskilled workers.
5 Set goals for them consistent with their human capacities.
6 Link financial and career rewards to task performance.

Taylor proposed "conception by superiors, execution by subordinates" in order to discover "the one best way" to organize and manage. He believed that manual laborers are not capable of carrying out the design of work. Taylor also emphasized economies of specialization; hence, tasks should be highly fragmented and grouped into narrow jobs, which in turn should be grouped within limited functions. Finally, Taylor believed that workers are best motivated with money, promotions (to jobs that pay more), or threats of dismissal, and that they must be controlled directly with rules and oversight. Taylor was Marx's ideal villain. Yet Taylor's assumption that workers respond to incentives is consistent with both Marx's theory of industrial capitalism and Weber's theory of bureaucracy.[7]

One consequence of such fine specialization in job design is that it dehumanizes work, by degrading and deskilling workers (Braverman, 1974). This was revealed most powerfully in *Working*, an oral history of working life by journalist Studs Terkel (1972). He interviewed dozens of people in all kinds of occupations—including a grocery store bagger, a gas station attendant, a bartender, a teacher, a professional athlete, and an actor—and the interviews illuminate how people feel about what they do all day. As a result of discoveries by people like Studs Terkel, Taylor has, for the most part, no lasting legacy in organizational sociology, apart from the notion that efficiency is a fundamental organizational goal. But he does continue to have considerable impact in the design of employing organizations.

3.3 | Human relations

Like scientific management, the human-relations school was fundamentally pragmatic, in that its members sought to improve worker productivity. But, in contrast to scientific management, the human-relations school was sympathetic to workers, seeing them as driven by social norms and needs. This school strove to ameliorate the problems created

in organizations that were designed according to the mechanistic principles of scientific management: boredom, low morale, absenteeism, conflict, and turnover (Mayo, 1933).[8]

One influential set of studies illustrates the human-relations school's attention to the social needs of workers, while also highlighting problems with this research tradition. A professor at the Harvard Business School, Fritz Roethlisberger, and a manager at the Western Electric Company's Hawthorne plant, William J. Dickson, conducted an experiment concerning the physical conditions of work (Roethlisberger & Dickson, 1939). Rather than pinpoint the physical factors that improved worker productivity, they discovered puzzles. When they turned up the lights in a "test" group's workroom, productivity went up. But when they did nothing to the lights in a "control" group's workroom, productivity went up. And when they turned down the lights in the "test" group's workroom, productivity went up. They interpreted these results as being due to social factors—in particular, the extra attention the researchers were paying to workers. This became known as the "Hawthorne effect": attention improved worker morale, which in turn improved productivity. ("A happy worker is a productive worker.") They conducted a dozen other experiments to determine what other changes might improve worker morale and thus productivity.

These studies were immensely influential: they led to the creation of a school of research focused on informal group processes in psychology, sociology, and management. They were laudable in that they sought to balance the technical efficiency needs of the employing organization with the human needs of the organization's workforce. But they were criticized for their core concern for management interests and their conception of workers as mere tools to achieve management goals, even as they recognized that these "tools" had social and emotional needs. Moreover, Roethlisberger and Dickson's studies were beset by myriad flaws, including lack of adequate controls, confounds such as the replacement of slow workers by faster workers, and a tendency to ignore contrary evidence (Perrow, 1986). A later re-analysis of their data revealed that 90% of the findings were due to factors not considered by the researchers, like incentives, quality of inputs, and the existence of layoffs elsewhere in the plant (Franke & Kaul, 1978). The history of this research perspective should give all scholars of organizations pause, as it clearly demonstrates that you should not limit yourself to considering the arguments proposed; instead, you must also carefully and objectively weigh the empirical evidence that supports or counters those arguments.

3.4 | The Carnegie School: A decision-making theory of organizations

Three professors at Carnegie Tech (now Carnegie Mellon University)—Herbert Simon, James March, and Richard Cyert—applied insights from political science, economics, and psychology to the study of organizations.[9] Simon's (1947/1976) key insight, for which he won the Nobel Memorial Prize in economics in 1978, was to recognize that human beings are not the perfect calculators and decision-makers that economics had, until then, assumed. People lack perfect information and cannot consider all possible options when making choices; moreover, their preferences are not fully fleshed out. Instead, people are boundedly, if intendedly, rational, and they design organizations to deal with imperfect information.[10] Extending Simon's ideas on bounded rationality, March and Simon's (1958/1993) *Organizations* defined rationality in terms of "administrative man" and assumed that administrative man's choices are always exercised with respect to a limited, approximate, simplified model of the real situation.

According to these scholars, organizations overcome bounded rationality by managers giving subordinates clear goals, defining standard operating procedures, monitoring subordinates' performance, and adjusting goals and procedures as necessary. Organizations also seek to balance the incentives they provide workers with the contributions they seek from workers. In sum, decision-making in organizations involves satisficing, rather than optimizing. Alternative courses of action and consequences of action are discovered sequentially through search processes; search stops when decision-makers find an alternative that satisfies their objectives. Over time, organizations develop repertoires of action that provide alternatives for choices in recurrent situations. Each repertoire of action deals with a restricted range of consequences and is only loosely coupled to other repertoires.

The third major work by members of this school of thought—Cyert and March's (1963/1992) *Behavioral Theory of the Firm*—focused on how organizations set and manage goals, through a process they labeled "problemistic search".

They identified five types of goals: production, inventory, sales, market share, and profit. For each, they proposed that goals are set based on an organization's past goals, its past performance, and the past performance of other comparable organizations. Problems are identified when performance does not meet goals or does not match the performance of comparable organizations. Moreover, goal formation is a process of continuous learning over time and a bargain struck between groups with different information and interests.

Later work by March (Cohen, March, & Olsen, 1972; Levitt & March, 1988; March & Olsen, 1976) focused on ambiguity in decision-making, memorably claiming that decision-making in organizations is similar to sorting through the contents of garbage cans:

> *Organizations can be viewed for some purposes as collections of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be an answer, and decision makers looking for work.... One can view a choice opportunity as a garbage can into which various kinds of problems and solutions are dumped by participants as they are generated. (Cohen et al., 1972, pp. 1–2)*

This work is more pessimistic about organizational effectiveness than the earlier Carnegie-school work. It holds that goals are ambiguous, people in organizations have conflicting goals and information, and experience can be misleading. Thus, learning can be "superstitious," meaning that decision-makers respond to what they perceive as happening, rather than to what really happened. Or learning can be ambiguous, as it is not clear what happened. Or different people learn different things, based on different goals and information, and conflict ensues, settled through rhetoric and power plays. Finally, organizations can fall into "competency traps" when they stick to the routines they know, even though alternatives would yield better performance.

This school of thought is most evident today in analyses of individual and organizational learning (e.g., Baum, Li, & Usher, 2000; Miner & Haunschild, 1996). It also underpins much contemporary research on organizational innovation and change (e.g., Cohen & Levinthal, 1990; Greve, 1998).

3.5 | Contingency theories

This research tradition, which contains multiple, related theories described below, gets its name from the idea that organizational design choices are contingent on environmental conditions. Its basic precepts can be summarized in three sentences:

- There is no one best way to organize.
- All ways of organizing are not equally effective.
- The best way to organize depends on the nature of the environment in which the organization is situated.

This research tradition is a reaction to scientific management and the human-relations school, whose proponents thought they could discover the "one best way" to organize and manage workers. As time passed and research piled up, that was revealed to be a fruitless effort: researchers repeatedly discovered that organizations' goals, technologies, and environments varied greatly, as did their organizational structures and management processes. Contingency theorists paid attention to something that scientific-management and human-relations scholars had ignored: organizational environments. Thus, they developed "open-systems" theories, which contrasted sharply with the preceding "closed-system" theories (Scott & Davis, 2007). Contingency theorists characterized organizational environments along three major dimensions: (1) complexity, meaning the number of environmental elements dealt with simultaneously by any organization; (2) uncertainty, meaning the variability over time of those elements; and (3) interdependence, meaning the extent to which those elements are related to one another.

Contingency theory had three variants.[11] The first, *structural contingency theory*, emphasized differences in the essential designs and operations of organizations in placid versus rapidly changing environments (Burns & Stalker, 1961/1994; Thompson, 1967; Lawrence & Lorsch, 1967). Structural contingency theorists (e.g., Blau & Scott, 1962; Woodward, 1965/1994; Pugh, Hickson, Hinings, & Turner, 1968, 1969) surveyed large numbers of organizations and assessed the interplay among many features of formal organizations, most notably production technology, organizational size, and environmental uncertainty. They viewed environmental conditions as exogenous to organizations and argued that in order to perform well, decision-makers had to adapt their organizations to environments. This variant of contingency theory had strong roots in Weberian analysis of bureaucracies, as it followed Weber's path of searching for ideal combinations of organizational features.

In contrast, *strategic contingency theory* (e.g., Child, 1972; Hickson, Hinings, Lee, Schneck, & Pennings, 1971) argued that organizational structure and performance are not fully environmentally determined. Rather, power holders within organizations (usually managers) decide on strategic actions. Not only do managers choose organizational structures, but they also manipulate environmental features and choose relevant performance standards. Thus, this perspective saw decision-makers in organizations as both responding to and shaping environments.

A third variant of contingency theory, most closely associated with Jay Galbraith (1973), stressed the *information-processing requirements* of navigating organizational environments. As environmental complexity and uncertainty increase, and as interdependences among the organization's basic tasks increase, so does the amount of information needed to perform those tasks. This, in turn, requires organizations to do one of two things: (1) reduce the need for information processing (e.g., by changing structures, specifically by grouping together people whose tasks require them to mutually adjust their actions, or by creating slack resources such as inventories of spare parts) or (2) increase the ability to process information (e.g., by strengthening formal hierarchies and forging horizontal relations between organizational members to foster communication).

All three contingency theories were broadly and ambiguously formulated. The precise form of external contingencies was never specified, which made it impossible to test the theories empirically (Perrow, 1986; Schoonhoven, 1981). Thus, contingency theories gradually evolved into an orienting strategy for organizational sociology—a meta-theory—rather than a distinct set of propositions that might be tested against other explanations of organizational outcomes. All contemporary research on organizations recognizes explicitly that organizational structure is contingent on external forces and that organizational performance is jointly contingent on structure and environment.

4 | CONCLUSION

Here, we have summarized the history of organizational theory from the writings of Marx, Weber, and Durkheim up through the mid-1970s. Given their importance in modern societies, it is not surprising that organizations have been a site of inquiry for sociologists since the beginning of the discipline. Much of social life occurs in the context of formal organizations; people use organizations to pursue their economic, social, cultural, civic, and political goals; and organizations are sites at which valuable resources such as income and educational credentials are conferred. Organizations are therefore central to processes that are at the heart of to sociological inquiry, such as stratification, network formation, and political mobilization.

Observing the emergence of industrial capitalism, Marx, Weber, and Durkheim described organizations within larger theoretical frameworks for understanding modern societies. For Marx, who emphasized class struggle as one of the fundamental drivers of history, workplaces were arenas of alienation, exploitation, and domination of workers, but also places where workers could forge a revolutionary class consciousness. For Weber, the rationalization of human activities that was the hallmark of modernity found its ideal-typical embodiment in rational-legal bureaucratic organization. For Durkheim, increasing specialization in the context of differentiated organizations marked the transition from traditional to modern societies, necessitating forms of solidarity characterized by interdependence rather

than similarity. Their perspectives on the roles that organizations play in modern society continue to exert broad influence today.

Later theorists of organizations tended to focus less on placing organizations within sweeping narratives of social history and attended more closely to meso-level and micro-level processes that happen within and between organizations. Simmel called attention to processes of affiliation and hierarchy that resonate with current approaches of network analysis and resource-dependence theory. Scientific-management and human-relations theories took a pragmatic approach, prioritizing managers' goals and asking how worker productivity and workplace efficiency might be optimized. Other scholars reacted against this effort to find the "one best way" to organize and against the premise that organizational decision-making could be perfectly rational. The Carnegie School highlighted constraints on information and decision-making, drawing attention to the bounded rationality of decision-makers and the organizations they design. Finally, contingency theories stressed the role that complexities, uncertainties, and interdependence in the environment play in shaping organizing processes and organizational outcomes.

In a companion article, we continue our survey, bringing the history of organizational theory up to the present day.

ENDNOTES

[1] For a review, see Adler (2009).

[2] For reviews, see Haveman (2009) and Reed (2009).

[3] For a review of Weber's influence on contemporary organizational theory, see Clegg and Lounsbury (2009).

[4] For reviews, see Starkey (1992) and Dobbin (2009).

[5] This pair of concepts is similar, but not identical, to Ferdinand Tönnies's (1887 [1988]) concepts of *Gemeinschaft* ("community") and *Gesellschaft* ("society").

[6] Taylor was an industrial engineer, an occupation that emerged as part of the Progressive movement, an effort to promote "continuity and regularity, functionality and rationality, administration and management" as solutions to the problem of social order (Wiebe, 1967, p. 295). Taylor's fellow-travelers included Henry Gantt, the inventor of the Gantt chart (e.g., Gantt, 1916) and the husband-and-wife team Frank and Lillian Gilbreth, who pioneered time-and-motion studies (e.g., Gilbreth & Gilbreth, 1917). In France, the mining engineer Henri Fayol (1916 [1930]) developed a set of fourteen "principles of management" that paralleled those of Taylor.

[7] For a thoughtful review of Taylor and other engineering-based approaches to organizations, see Shenhav (1999). For an engaging diatribe on the non-scientific nature of scientific management, see Stewart (2006).

[8] In addition to the scholars discussed here, the human-relations school included Mary Parker Follett (1941), who emphasized the importance of using formal authority to coordinate action, Gulick and Urwick (1937), who focused on improving government bureaucracies by blending principles of scientific management with those of human relations, and Rensis Likert (1967), who pioneered his eponymous scales in surveys of managers measuring organizational climate and decision-making styles. For an insightful critique of this research tradition, see Perrow (1986).

[9] For a review of this work and a projection for future research, see Gavetti, Levinthal, and Ocasio (2007).

[10] Simon's work was heavily influenced by Chester Barnard, an executive at AT&T whose *The Functions of the Executive* (1938) reflected his experience. Perrow (1986) reviewed Barnard's ideas in depth.

[11] Others who surveyed this research perspective divided up contingency theories in ways that differed in some details but are generally congruent with the categorization scheme presented here (see Perrow, 1986 on "technology" and Guillén, 1994 on "structural analysis").

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