



**BLOCK 3**

**BEHAVIOURAL AND SYSTEMS THINKERS**

Pignou  
THE PEOPLE'S  
UNIVERSITY



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# UNIT 8 ELTON MAYO\*

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## Structure

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Elton Mayo : A Biographical Sketch
- 8.3 Elton Mayo's Experiments
- 8.4 Hawthorne Studies: Outcome
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- 8.6 Role of Elton Mayo in Human Relations Movement: An Analysis
- 8.7 Conclusion
- 8.8 Glossary
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- 8.10 Answers to Check Your Progress Exercises

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## 8.0 OBJECTIVES

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After reading this Unit, you should be able to:

- Discuss the experiments conducted by Elton Mayo;
- Examine the outcome of Mayo's experiments;
- Explain the other works of Mayo; and
- Describe the multi-faceted role played by Mayo in Human Relations Movement.

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## 8.1 INTRODUCTION

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The classical theorists mainly focused on the structural aspects of organisation. Not many paid attention to the human aspects of organisation. Elton Mayo, the Australian Psychologist, Sociologist and Organisation Theorist, brought forth the significance of work groups and their impact on individual behaviour. He made a case for work satisfaction and its dependency on the informal social pattern of the work group. He was of the view that people's performance at work depended on both social issues and job content.

In this Unit, we will discuss the Hawthorne experiments conducted by Elton Mayo and examine their outcome. We shall attempt to understand the multifaceted role that Mayo has played in his experiments, contributing to a significant outcome. Despite criticism of his work, his advocacy of the concept of social man and social needs, gave a sociological and psychological orientation to organisation and management literature.

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## 8.2 ELTON MAYO: A BIOGRAPHICAL SKETCH

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George Elton Mayo (December 26, 1880 – September 7, 1949) was an Australian born American Psychologist and Sociologist. He was born in Adelaide, Australia. He

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\* Contributed by Prof. Uma Medury, Faculty of Public Administration, SOSS, IGNOU, New Delhi.

studied at Queen's school and the Collegiate school of St. Peter. He joined the University of Adelaide in 1897 to pursue medicine. However, he discontinued his studies and went to UK to pursue medical education at medical schools in Edinburgh and London, which too he eventually dropped. Back in England, he took to writing and worked for the Pall Mall Gazette and taught at the Working Men's College in London.

He returned to Australia and in 1907 and enrolled in Philosophy and Psychology in the University of Adelaide, and studied under Sir William Mitchell. In 1911, he was appointed as foundation lecturer in philosophy and education at the newly established University of Queensland during World War I, Elton Mayo served on various Government Bodies, advised on the organisation of work in the war. He wrote and lectured on industrial and political psychology and psycho-analysis. In recognition of the work rendered during the war in 1919, he was appointed the First Chairman of Philosophy Department.

In 1922, he visited United States, toured extensively and spoke on various socio-psychological issues, addressing particularly the problems of worker-management interaction. In 1923, he moved to the USA with a Rockefeller fellowship and joined the Wharton School, University of Pennsylvania. There, as a research associate, he studied the value of work breaks for productivity in various textile firms. He focused on organisational psychology and sociology. In 1926, Mayo was offered research professorship in the then established Harvard Business School. There he initiated his well-known Hawthorne Studies in 1928, and conducted experiments over the next five years.

Mayo was influenced significantly by psychologists Pierre Janet and Sigmund Freud. He focused on behaviour of workers and their production capacity, keeping in view the physiological, psychological and economic aspects. Elton Mayo is considered as the founder of industrial sociology and the Human Relations School of business organisation. After the end of World War II, Mayo left for England. Over there, he joined a group at the National Institute of Industrial Psychology, which engaged in helping British Industry recover in the post-war period. He also continued in doing lectures and similar academic activities. He died in 1949, in England.

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### 8.3 ELTON MAYO'S EXPERIMENTS

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The works of Elton Mayo, which laid the foundation for Human Relations theory, are the outcome of extensive experiments conducted at the Hawthorne Plant of the Western Electric Company near Chicago in the US between 1924-32. We have already discussed about these experiments in Unit 5 on Human Relations Approach in the Core Course (BCAC-101) on Perspectives in Public Administration. However, in order to understand Elton Mayo's views, we need to have an overview of them in this Unit as well.

There were *four* main phases in Hawthorne experiments:

- Illumination Experiments.
- Relay Assembly Test Room.
- Interviewing Programme.
- Bank Wiring Observation Room.

#### *The Illumination Experiments*

In this experiment, the effects of intensity of lighting upon the worker's productivity was observed. The workers were divided into *two* groups – experimental and control. The results of these tests were, however, inconclusive, as production in the experimental



group varied with no apparent relationship to the level of lighting, but actually increased when conditions were made worse. In the control group, production increased although the lighting remained unchanged. The level of production was influenced, clearly, by factors other than changes in physical conditions of work. No conclusive relationship could be established between illumination levels, incentive schemes and productivity levels.

### ***Relay Assembly Test Room***

In the Relay Assembly Test Room, the work was boring and repetitive. It involved assembling telephone relays by putting together a number of small parts. Six women workers were transferred from their normal department to a separate area. The researchers selected two assemblers who were friends with each other. The experiment was divided into 13 periods during which the workers were subjected to a series of planned and controlled changes in their conditions of work such as hours of work, rest pauses and provision of refreshments.

During the experiment, friendly atmosphere was created, by consulting the workers and listening to their complaints. There was increase in the level of production. The extra attention given to the workers and the interest shown by the management were the major reasons for higher productivity. Mayo was of the belief that work satisfaction depended to a large extent on the informal social pattern of the working group. The change in the style of supervision improved the morale of the worker, which in turn increased production. The link between supervision, morale and productivity became the cornerstone of Human Relations Approach.

### ***Interviewing Programme***

The Interviewing Programme was another important phase of the experiments. It was taken up to gauge the worker's feelings towards their supervisors and their general conditions of work. This gave an opportunity to the workers to discuss about the company, management, working conditions and were able to 'let off steam' in a friendly atmosphere. The information gained from nearly 20,000 employees was also about matters outside the work domain such as family and views on society in general.

### ***The Bank Wiring Observation Room***

Another experiment involved the observation of a group of 14 persons working in Bank Wiring Room. It was noted that the men formed their own informal organisation with sub-groups or cliques. The groups developed their own pattern of informal social relations. It was observed that group pressures on individual workers were stronger than financial incentives.

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## **8.4 HAWTHORNE STUDIES: OUTCOME**

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The Hawthorne experiments, attempted to study the effects of physical conditions such as light and temperature on productivity. But the major outcome was the impact of social conditions at work on productivity. The findings of the investigations led to certain conclusions such as:

- Work is a group activity.
- The need for recognition, security and sense of belonging is more important in determining worker's morale and productivity than the physical working conditions.
- The worker's attitudes and effectiveness are conditioned by social demands from both inside and outside the work plant.

- Conditions within the work plan exercise strong social controls over the work habits and attitudes of the individual worker.
- An important discovery of the Hawthorne experiments was that workers had a strong need to cooperate and communicate with fellow workers. Mayo opined that the desire for cooperative activity persists in ordinary person and can be utilised by intelligent and straight forward management.
- Mayo postulated that management should acquire social skills and use them to secure worker’s cooperation.

Elton Mayo emphasised on social aspects of work, taking precedence over functional organisational structure, two-way communication from Chief Executive to workers and vice-versa, as well as cohesive and good leadership. The experiments of Elton Mayo brought out that informal approaches and work groups with focus on human emotions, sentiments and interactions played an important role in increasing organisational productivity. The management has to strive in developing skills in understanding human behaviour and interpersonal skills in counseling, motivating, leading and communicating.

Elton Mayo, on the basis of experiments, concluded that generally the worker-management adversarial relationship stemmed from worker’s misunderstanding and management distrust. Also, giving importance to economic efficiency rather than social cohesion aggravated the situation. The work performance of employees depended on job content as well as social issues. The management, according to Mayo, needed to align the interests of workers with those of the organisation and secure their participation. But even more important, the studies were interpreted by succeeding generations of management scientists, as validating the idea that unquantifiable relationships (or “human relations”) between workers and managers and among workers themselves, were significant determinants of workers’ efficiency (Henry, 2003).

**Check Your Progress 1**

- Note:** i) Use the space given below for your answers.  
ii) Check your answers with those given at the end of the Unit.

1) List the main phases of Hawthorne experiments.

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## 8.5 OTHER WORKS OF ELTON MAYO

Elton Mayo's advocacy of the concepts of social man and social needs were associated with his studies. He published his first Book in 1933, under the title 'The Human Problems of an Industrialised Civilisation'. This includes the description of Hawthorne experiments conducted by Mayo. He concluded that the primary need of the industrial world was to develop a technique that would enable people to live in easy social relationships with each other.

In 1945, Mayo's another Book 'The Social Problems of an Industrial Civilisation' was published. Mayo was of the view that industrialisation could solve the problems of production and propel economic growth, but in reality, it had not improved the social status of the workers. The tension between workers and employers, Mayo believed, could not be solved by socialism, but through psychological insights to tackle the problem. In this Book, Mayo focused on the need for industrial society to come up with new methods of integration and comradeship. In the absence of this, social maladjustment and social disorganisation may occur.

In 1947, Mayo's third Book 'The Political Problems of an Industrial Civilisation' was published. In this Book, he pointed out the political problems that arise from an industrial civilisation. Some of these problems could be related with corrupt officials and the regulations that industry had to comply with. Mayo's work has contributed to management theory and also to the development of areas such as organisational psychology. His studies inspired other social scientists such as Chris Argyris, Frederick Herzberg, Keith Davis and so on. His Hawthorne experiments were modified by Douglas McGregor. Elton Mayo's emphasis on importance of management style as a major contributor to industrial production was unique. His focus on interpersonal skills being as important as monetary incentives was different. He emphasised on humanistic approach as a means of satisfying the organisations. His work on workers' economic needs laid the basis for a new dimension in management thinking.

## 8.6 ROLE OF ELTON MAYO IN HUMAN RELATIONS MOVEMENT: AN ANALYSIS

Elton Mayo's work contributed to management theory through research conducted at Western Electric Company's Hawthorne studies that took place from 1927-32. He made a case for establishing humanistic relations between employers and employees. He opined that employees and workers, deserve to be treated as individuals with dignity and self-respect rather than as factors of production or interchangeable elements of the production's system. Mayo looked upon industrial organisations as psycho-social systems with primary emphasis on human resources, their behaviour and welfare, needs and satisfaction, interactions and cooperation.

The exhaustive literature emanating from the Hawthorne experiments under the leadership provided by Elton Mayo, has enriched the theories of organisation. He was able to provide concrete evidence to the significance of human relationships at work place. According to Trahair (1984), at Hawthorne, Mayo did not initiate, direct or control research. In fact, he played *four* distinct roles:

- 1) **Appreciative Helper** : For the first 18 months, he was an 'appreciative helper'. He visited Hawthorne to study the physiology of the women at work in the relay assembly test, but beyond that too, he advised on health of women. He suggested possible changes in interviewing methods and purposes, praised the researchers and encouraged them to follow new uncharted courses of action.

- 2) **Counselor-Cum-Publicist:** During the next 15 months, he was a “counselor-cum-publicist”. He counseled executives on family and work problems, praised the study, thereby helping its status within the Western Electric Company and publicised the results so that the research gained prestige in the United States and Europe.
- 3) **Cooperative Collaborator:** For almost 30 months, he was a “co-operative collaborator”. He encouraged the exchange of personnel between Harvard and Hawthorne and laid the social basis for joint activities.
- 4) **Protective Supporter:** During the four years of close association with the Hawthorne works, Mayo was a ‘protective supporter’. He helped the researchers to endure destructive criticism of their work from inside the company and out, and to tolerate their own doubts about the value of their work. According to Trahiar, in these roles, specific to Mayo at Hawthorne, he was applying, more or less consciously, his general healer – doctor – catalyst – magician roles. As healer, he aimed to unite and integrate divisive elements within the firm and protect the researchers from outside attack. As doctor, he diagnosed and offered treatment for administrative ills that others could not discern. As catalyst, he encouraged the researchers to be fearlessly curious in their scientific study of human experience at work and taught them an uncommon interviewing technique for this purpose and showed them the value of challenges about one’s goals.

**Check Your Progress 2**

**Note:** i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

- 1) What are the three Books of Mayo published between 1933-1947?  
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- 2) Bring out the key premise of Mayo’s Book published in 1947.  
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- 3) Identify the distinct roles of Mayo as attributed by Richard Trahair.  
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## 8.7 CONCLUSION

Mayo's contribution lies in recognising the fact that formality of strict rules and procedures must make way for informal approaches and groups rooted in human emotions, sentiments, problems and interactions. In this Unit, we have given a brief biographical sketch of Elton Mayo and his application of concepts in psychology and sociology to the work place in organisation. The outcome of his studies marked the emergence of an important management style contributing to industrial productivity. Mayo's emphasis on interpersonal skills was significant. He made a case for humanistic approach as a means of meeting the organisational needs. The works of Elton Mayo are relevant in contemporary times, where the significance of team work, motivation and leadership assume importance, especially in private sector and public-private partnerships. This Unit attempted to bring forth the basic tenets of the experiments and works conducted of Elton Mayo.

## 8.8 GLOSSARY

- Morale** : It implies the psychological state of a person or group of people, as expressed in self-confidence, enthusiasm and/ or loyalty to a cause or organisation.
- Organisational Psychology** : It is the scientific study of human behaviour and its application to work place to increase employees' employers' and consumers' satisfaction.
- Social Skills** : These are skills that facilitate better communication and interaction among employees at work place. Socialisation is the process through which these skills are acquired.

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## **8.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES**

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### **Check Your Progress 1**

- 1) Your answer should include the following points:
  - The four phases in Hawthorne experiments are:
    - a) Illumination Experiments.
    - b) Relay Assembly Test Room.
    - c) Interviewing Programme.
    - d) Bank Wiring Observation Room.
- 2) Your answer should include the following points:
  - Work is a group activity.
  - Need for recognition, security and sense of belonging is important than physical working conditions.
  - Workers have a strong need to cooperate and communicate with fellow workers.
  - Management has to acquire social skills and use them to secure worker's cooperation.

### **Check Your Progress 2**

- 1) Your answer should include the following points:
  - 1933 – 'The Human Problems of an Industrialised civilisation'
  - 1945 – 'Social Problems of an Industrial Civilisation'
  - 1947 – 'The Political Problems of an Industrial Civilisation'

2) Your answer should include the following points:

- The key premise of the book 'The Political Problems of an Industrial Civilisation' was on political problems that arise from industrial organisations due to corrupt officials and the regulations that industry has to comply with.

3) Your answer should include the following points:

- Elton Mayo, according to Richard Trahair (1984), played four distinct roles:
- Appreciative Helper.
- Counselor cum Publicist.
- Cooperative Collaborator.
- Protective Supporter.



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## UNIT 9 CHESTER BARNARD\*

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### Structure

- 9.0 Objectives
- 9.1 Introduction
- 9.2 Organisation as a Cooperative System
- 9.3 Formal and Informal Organisations
- 9.4 Barnard's Views on Communication
- 9.5 Concept of Authority
- 9.6 Contribution-Satisfaction Equilibrium
- 9.7 Zone of Indifference
- 9.8 Functions of a Leader
- 9.9 Barnard on Decision Making
- 9.10 Conclusion
- 9.11 Glossary
- 9.12 References
- 9.13 Answers to Check Your Progress Exercises

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### 9.0 OBJECTIVES

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After reading this Unit, you should be able to:

- Examine Chester Barnard's contribution to administrative thought;
- Describe the features of a cooperative system;
- Discuss the nature of formal and informal organisations;
- Define the Theory of Authority;
- Explain the concept of Zone of Indifference; and
- Elucidate the nature of Leadership and Communication.

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### 9.1 INTRODUCTION

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Born in 1886, Chester Barnard is among the leading administrative thinkers. Throughout his life he had been working on various administrative posts in the industry. From his lifetime experience of executive, he clubbed his thought based on practical observation and experience. His two seminal works "The Functions of Executive" (1938) and "Organisation and Management" (1948) are considered to be the thinking base for all the behavioural activities that were carried out in later period. He viewed organisation as a social system. He is known as the spiritual father of Social Systems School of Management.

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\* Contributed by Ms. Daisy Sharma, Assistant Professor, Department of Public Administration, University of Rajasthan, Jaipur, Rajasthan.



## 9.2 ORGANISATION AS A COOPERATIVE SYSTEM

Barnard views organisation as a cooperative system, which is consciously co-ordinated for achieving a purpose. According to him, every organisation is a small part of a larger system and ultimately that of the society. No organisation is self-sufficient. It depends on other political, social, economic and cultural systems for various resources. Barnard considered that there are *three* essential elements of organisation:

- A group of persons who are able to communicate with each other.
- A common purpose to be accomplished.
- Coordination and cooperation among group members for achieving the common purpose.

Chester Barnard emphasised on the interactions between the members as one of the very important basis for organisation's existence. For him, group should be willing to contribute for the accomplishment of a common purpose. People organise themselves to accomplish the things they can't do alone. Hence, cooperation is the founding stone of organisation.

## 9.3 FORMAL AND INFORMAL ORGANISATIONS

Chester Barnard opined that in all formal organisations, we can find informal organisations. He believed that formal organisations are made up of informal groups. These informal groups evolve to become the informal organisation. Barnard has observed that both are necessary for each other's existence and neither of them can have their existence in the absence of the effective functioning of the others. According to Barnard, informal organisation in formal work situations should not be rejected, but rather should be encouraged and streamlined with the formal organisation.

Barnard saw informal organisation as communication network that goes for strengthening of the formal organisational communicational structure. Barnard, thus, in his definition of effective organisational functioning brings both the elements that is essential formal goal setting and the essential socio-psychological acceptance of the same. Chester Barnard defines formal organisation as -“a system of consciously coordinated activities or forces of two or more persons. It refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability”. The essence of formal organisation is built around *four* key pillars. They are:

- Division of labour.
- Scalar and functional processes.
- Structure.
- Span of control.

Thus, a formal organisation is one resulting from planning, where the pattern of structure has already been determined by the top management. Informal organisation, which does not appear on the organisation chart, compliments the formal organisation in achieving organisational goals effectively and efficiently. An informal organisation is an organisation, which is not established by any formal authority, but occurs as a result of the personal and social relations of the people.

Informal organisation refers to the relationships between people in the organisation based on personal attitudes, emotions, prejudices, likes, dislikes etc. Formal organisation,

no doubt, is an important part of the organisation, but it alone is not capable of accomplishing the organisational objectives. The group’s beliefs and values establish the organisational culture and determine formal acceptance of authority. In the words of Barnard, “informal organisation brings cohesiveness to a formal organisation. It brings to the members of a formal organisation, a feeling of belonging, of status, of self-respect and of gregarious satisfaction”.

**Check Your Progress 1**

**Note:** i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Why is Chester Barnard considered as Father of Social Systems School of Management?

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2) What are the basic features of organisation as per Barnard?

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3) What do you mean by a formal organisation?

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4) How do informal organisations strengthen formal organisations?

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## 9.4 BARNARD'S VIEWS ON COMMUNICATION

According to Barnard, Communication is the founding stone of the organisation. Organisation comes into existence with a group of people who are able to communicate with each other. It not only helps in establishing the organisation but plays a major role in the smooth functioning of the organisation. For Barnard, even the authority is a form of Communication. Its acceptance depends majorly on how well it is communicated to the subordinates. Were they able to understand the orders? Only then they will be able to follow them. Hence, according to Barnard, Communication is the key element in the success of organisation. He emphasised on properly coordinated organisation for achieving the objective of any formal group. This is not possible without the proper and adequate Communication. According to Barnard, Communication in the organisation should have the following *seven* features:

- 1) The channels of Communication should be definite.
- 2) Everyone should know of the channels of Communication.
- 3) Everyone should have access to the formal channels of Communication.
- 4) Lines of Communication should be as short and as direct as possible.
- 5) Competence of persons serving as communication centres should be adequate.
- 6) The line of Communication should not be interrupted when the organisation is functioning; and
- 7) Every Communication should be authenticated.

He stressed upon the fact that complete line of Communication should usually be used that is once decided, all the members in Communication channel should be well-aware of the functioning and facts. Barnard emphasised on authentication of Communication. He also emphasised on the competence of the superiors at Communication centres.

## 9.5 CONCEPT OF AUTHORITY

Barnard's views on Authority are original. Before him, all the classical thinkers believed that Authority originates at the top and rests with the position. It is Barnard who stressed that Authority doesn't lie in the position, hierarchy or posts, but it depends upon the acceptance of subordinates. He takes a consensual view of authority. For him, Authority is a bottom-up approach. It flows from subordinates to seniors. He observed, "An order has Authority or it lies with the person to whom it is addressed and doesn't reside in the 'person of authority' or those who issue these orders". He further divides Authority into *two* types:

- Objective Authority.
- Subjective Authority.

Objective Authority arises from subordinates' willingness to respect his seniors. Whereas, Subjective Authority depends upon how subordinate interprets an order. He will follow the order only if:

- He or She understands the order.
- He finds that the order is consistent with the goal of organisation.
- Order is consistent with his or her own goals.
- He has the mental and physical capacity to follow the orders.

### *Fiction of Authority*

Though Barnard believed that effectiveness of Authority rests with subordinates, still Barnard considered Authority existing in an organisation as a fiction. He opined that the fiction of Authority continues in organisation because subordinates shy away from facing the disadvantages that they have to face if they reject orders. According to him, subordinates do not want to lose their status and other benefits in the organisation, where they are working. They have a fear that on rejection, they may lose their positions in respect to other members in the group. He further stated that Authority is accepted by the subordinates as they shy away from taking any responsibility and initiative. Subordinates thus accept the Communication as given by the superiors. They feel that in following the order the responsibility remains with the superiors only.

Further, rejection of Authority may be treated as an act of disobedience against the entire organisation which may result in retaliation from the side of entire organisation. This fear keeps the workers in tune with communication. Hence, instead of Authority, a fiction of Authority works in the organisation. Superior is under impression that subordinate follows his orders due to his Authority, whereas subordinates follows it for his own purpose. He observed, "This fiction merely establishes a presumption among individuals in favour of the acceptability of orders from superiors, enabling them to avoid making issues of such orders without incurring a sense of personal or individual status with their fellows".

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## 9.6 CONTRIBUTION-SATISFACTION EQUILIBRIUM

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Question arises that why subordinates follow the authority when it depends on their acceptance. According to Barnard, survival of an organisation depends on maintenance of equilibrium between the contributions and satisfaction of its participants. The contributions are provided by participants to the organisation and it is not decided by management but by workers. The satisfaction is provided by organisation to its participants. He pointed out that the individual participant would remain in organisation only when his inducements outweighed his contributions. The organisation survives so long as it has the capacity to offer effective inducements in sufficient quantities to maintain the equilibrium of the system. Barnard has classified the incentives that a man seeks for his contribution to organisation in *two* major headings.

- Specific Incentive.
- General Incentive.

Barnard rejected the classical economic man concept and broadly agreed with human relationists with regard to motivation of people in organisation. He traced the sources of satisfaction to four specific inducements. He has suggested *four* specific incentives:

- Material Inducement : Money or physical things.
- Non-Material Inducement : Recognition, challenge, prestige, opportunity for distinction from other.
- Desirable physical condition of work.
- Ideal benefactions: altruistic service, patriotism etc.

However, Barnard says that material rewards are ineffective beyond subsistence level.

General Incentive:

- Associated attractiveness based on compatibility with the associates (Informal).
- The adoption of working conditions to the physical habitual working pattern.
- The opportunity for the feeling of enlarged participation in the course of events.
- The condition of communicating with others.

**Check Your Progress 2**

**Note:** i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) In what way are Barnard’s views of authority different from classical thinkers?

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2) What do you understand by fiction of authority?

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3) Explain the Contribution-Satisfaction Equilibrium.

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**9.7 ZONE OF INDIFFERENCE**

The Acceptance Theory of Authority is facilitated by Zone of Difference of individual participants of organisation. Barnard has explained Zone of Indifference as a philosophical construct that explains that which orders from the superior shall be accepted and which shall be rejected. In his concept, Barnard has explained that those communications which shall clearly lie inside the Zone of Indifference shall be accepted by the subordinates without having any second thoughts. On the other hand, communication which clearly falls outside the Zone of Indifference shall be outrightly rejected by the subordinates.



In regard to the communication that happens to be on the boundary of this Zone. The subordinate may or may not accept the concept. Barnard from this discussion explains the necessity of increasing the Zone of India of the subordinates. He emphasised that superiors should give such communications only that fall within the Zone of Indifference. The increase in that has been suggested through incentives that can be monetary or non-monetary, as described above in theory of Contribution-Satisfaction Equilibrium.

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## 9.8 FUNCTIONS OF A LEADER

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Barnard gives a fresh view on leadership. According to Barnard, “Leadership depends upon three things– i) the individual, ii) the followers, and iii) the conditions”. According to him, all the work undertaken by the executives in an organisation are not executive works. According to him, the functions of executive can be classified under *three* heads:

- Maintenance of communication networks in the organisation.
- Securing essential services from the individuals.
- The formulation of organisational purposes.

The *first* function of maintenance of organisational communication has *two* phases. It includes defining organisational positions and maintaining a personnel system, preparing organisational charts, specification of duties, division of work, etc, all come under defining organisational structure. Personnel system means recruiting men who have appropriate qualifications, offering incentives etc. According to Barnard, The *second* function of securing essential services from individuals can be achieved by maintaining morale, education and training, incentives, and supervision and control. The *third* executive function is the formulation of organisational objectives and purposes. According to him, this is the most important function of a leader. Unless these purposes are widely accepted by all the members of the organisation, there can be no cooperation in a true sense.

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## 9.9 BARNARD ON DECISION MAKING

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Barnard made a significant contribution to the theory of decision making. He focused on organisational decision making rather than individual decision making. According to Barnard organisational decision making is the result of deliberation, evaluation and thought while the individual decision making is a result of subconscious, responsive and emotional factors. The decisions made by organisation are more logical and rational than personal decisions. Barnard has indicated *five* significant differences between an individual’s personal decisions and organisational decisions. They are:

- 1) Organisational decisions are impersonal and are dominated by organisational ends.
- 2) Organisational goals are explicitly stated, whereas this need not be so for personal decisions.
- 3) The ends of organisation are usually arrived at, after a high degree of logical thought processes, which may not be the case with personal goals, where sub-conscious processes predominate.
- 4) Personal decisions cannot be delegated to others; organisational decisions can and are in fact, delegated.
- 5) Organisational decisions are specialised, while personal decisions are not. Barnard said that a decision maker should be able to identify the relevant facts which affect

the fulfilment of organisational purpose from those which are irrelevant. This is possible with the search of strategic factors by analysing situations. Strategic factors should be controlled as they influence the decision making.

**Check Your Progress 3**

**Note:** i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) What do you understand by Zone of Indifference?

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2) What is the most important function of a leader as per Barnard?

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**9.10 CONCLUSION**

Chester Barnard has made phenomenal contribution towards recognising organisation as a social system and using Systems Approach in analysing it. His writings are based on his personal experience in the industry, hence more practical for its application in real world. Due to his firsthand observation, he has given many novel ideas like Fiction of Authority, Zone of Indifference and Contribution-Satisfaction Equilibrium. He moved away from Classical Approach and located authority in the acceptance by subordinates and not in the positions of the organisation. Barnard rejects the concept of “economic man” and sees the organisational members as parts of a social system based on various physical-biological and social factors. He emphasised on cooperation for attainment of organisational purposes that signifies the democratic value in his thought. This makes his writings most relevant to the modern world. This Unit discussed all the major concepts of Barnard.

**9.11 GLOSSARY**

- Benefactions** : An act of conferring a benefit or good to others.
- Economic Man** : As per Investor pedia, an economic man is the one who acts most rationally and with complete knowledge. The economic man seeks to maximise personal satisfaction. It is an assumption of many economic models and is referred to as *homo economicus*.

: It is generally described as number of subordinates a supervisor can effectively or directly control. This number varies with the nature and complexity of work. It determines the structure of relationship between leaders and subordinates in an organisation.

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## 9.13 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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### Check Your Progress 1

- 1) Your answer should include the following points:
  - Barnard's focus on informal groups and informal organisation.
  - Barnard's recognition of social-psychological factors and focus on acceptance of authority by the subordinates.
- 2) Your answer should include the following points:
  - A group of persons who are able to communicate with each other.
  - A common purpose to be accomplished.
  - Coordination and cooperation among group members for achieving the common purpose.



3) Your answer should include the following points:

- Division of labour.
- Scalar and functional processes.
- Structure.
- Span of control.

4) Your answer should include the following point:

- Both compliment each other, they work as a channel of communication, act as a source of satisfaction.

### Check Your Progress 2

1) Your answer should include the following points:

- Original views.
- Authority does not rest in position but acceptance of subordinates.
- Fiction of authority.

2) Your answer should include the following points:

- Good governance is a holistic concept that aims at economic, human and institutional development.
- It attempts at efficient and effective governance, which is accountable, democratic and responsive to people's needs.

3) Your answer should include the following points:

- Material Incentives under specific Incentives.
- General Incentives.
- A balance of incentives is a precondition for Contribution Satisfaction Equilibrium.

### Check Your Progress 3

1) Your answer should include the following points:

- Zone of indifference as a philosophical construct that explains that which orders from the superior shall be accepted and which shall be rejected.
- Zone of indifference can be increased by incentives that can be monetary or non-monetary.

2) Your answer should include the following points:

- According to Barnard, formulation of organisational objectives and purposes is the most important function of a leader.
- Unless these purposes are widely accepted by all the members of the organisation, there can be no cooperation in true sense.

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## UNIT 10 HERBERT A. SIMON

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### Structure

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Life and Works of Simon
- 10.3 Simon's Views on Classical Theory
- 10.4 Decision-Making in Administration
- 10.5 Role of Choice and Behaviour in Decision-Making
- 10.6 Facts and Values in Decision-Making
- 10.7 Rationality in Decision-Making
- 10.8 Models of Decision-Making
- 10.9 Modes of Organisational Influence
- 10.10 Critical Evaluation of Simon's Works
- 10.11 Conclusion
- 10.12 Glossary
- 10.13 References
- 10.14 Answers to Check Your Progress Exercises

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### 10.0 OBJECTIVES

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After reading this Unit, you should be able to:

- Discuss the life and works of Herbert A. Simon;
- Bring out the views of Simon on Classical Theories;
- Explain the role of choice and behaviour in decision-making processes;
- Explain the concept of rationality, bounded rationality and satisficing decisions;
- Examine the premise of facts and values in decision-making;
- Differentiate between economic man and administrative man; and
- Elaborate the modes of organisational influences.

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### 10.1 INTRODUCTION

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Herbert A. Simon is considered as the major proponent of Behavioural Approach in the study of public administration. He was an economist and a political scientist and most of his research work included various aspects related to organisation, such as decision-making, human behaviour and so on. He supported empiricism in the study of organisation. His most significant contribution is the study of decision-making process

\* Contributed by Dr. A. Senthamizh Kanal, Consultant, Faculty of Public Administration, SOSS, IGNOU, New Delhi.

and he emphasised in his book ‘Administrative Behaviour’, that the nature of an organisation can be understood from its decision-making process. He further made an analysis of the linkage between human behaviour and the value preferences in decision-making process. He also believed that the distance between rationality and behaviour can be bridged by the concept of decision.

In particular, Simon was known for his concepts of ‘bounded rationality’ and ‘satisficing’. He vehemently opposed the classical theories that formulated the ‘Principles of Administration’ and he equated those principles to ‘Proverbs’ of administration. Simon was influenced by the works of Mary Parker Follett, Elton Mayo and Chester I. Barnard, who made remarkable contributions to the study of Group Dynamics in Organisations, Human Relations Approach and Functions of the Executive, respectively. He rejected the idea of politics-administration dichotomy and suggested empirical approach to the study of public administration. In this Unit, we discuss Simon’s key concepts of organisational process.

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## 10.2 LIFE AND WORKS OF SIMON

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Herbert Alexander Simon (1916-2001) completed his doctoral study in political science with a specialisation in public administration from the University of Chicago. In his long career, he published various papers and research works on the themes of economics, public administration, management, political science, cognitive psychology, computer science, problem solving, complex systems and artificial intelligence. In 1970, Simon received the Nobel Prize in Economics for his research work on decision-making process in economic organisations. Some of his major publications include the following:

- Administrative Behaviour (1947).
- Public Administration (Co-authored with Victor A. Thompson and Donald W. Smithburg) (1950).
- Fundamental Research in Administration (1953).
- Organisations (Co-authored with James G. March) (1958).
- The New Science of Management Decision (1960).
- The Shape of Automation (1960).
- The Science of the Artificial (1969).
- Human Problem Solving (1972).
- Models of Discovery (1977).
- Models of Thought (1989).
- Models of Bounded Rationality (1982).
- Reason in Human Affairs (1991).

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## 10.3 SIMON’S VIEWS ON CLASSICAL THEORY

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Simon basically was critical of the Classical Theories put forward by various thinkers and he called the ‘principles of administration’ as ‘*mere proverbs*’ and thus criticised the narrowness in the traditional approach and considered them to be contradictory and internally inconsistent. Simon, in his Article on *The Proverbs of Administration* (1946) said that “a fact about proverbs that greatly enhances their quotability is that

they almost always occur in mutually contradictory pairs. Look before you leap! But he who hesitates is lost. Almost every principle one can find an equally plausible and acceptable contradictory principle... although the two principles of the pair will lead to exactly opposite organisational recommendations, there is nothing in the theory to indicate which is the proper one to apply". For instance, he points to the ambiguity that exists in the principles of 'unity of command' and 'span of control', as the former is about how an employee should receive command from only one superior, while the latter is about the number of subordinates that a superior can control.

Simon finds the two principles to be contradictory and ambiguous and considers them to be contradictory proverbs, as there is no detailed research into real situations and according to him, the principles are defined without adequate diagnosis of situations. He states that, in determining the correctness of a proposition, it should be directly compared with experience – with the facts – or it should be led by logical reasoning to other propositions that can be compared with experience (Simon, 1997). Thus, according to Simon, the principles of administration lack scientific validity and universal relevance and there lies a huge gap between the theory and practice of organisation. He recommends decision-making in the place of principles, as he believed that unlike principles, the decision-making is a universal process and it would be the base for organisational analysis.

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## 10.4 DECISION-MAKING IN ADMINISTRATION

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Simon considers decision-making to be the core of administrative action and observes that an organisation is an institution which is structured with decision makers. In his Book *Administrative Behaviour* (1997), he highlights that "decision making is the heart of administration, and that the vocabulary of administrative theory must be derived from the logic and psychology of human choice". Simon proposes a new concept of administration based on theories and methodology of Logical Positivism with a focus on decision-making (Umapathy *et.al.*, 2010). The concept of decision-making is thus equated with administration, in which is subsumed the activities of POCCC and POSDCORB put forward by Fayol and Gullick respectively.

Simon says that every decision taken in an organisation is based not only on facts from administrative realities and values. The processes and methods of decision-making that ensure the accomplishment of an action is also equally important, as administration is nothing but the art of 'getting things done'. He states that in administrative analysis, sufficient attention is not paid to the choice which precedes action. According to him, determination of 'what to do' needs more attention than the actual process of 'doing' and in that context, decision-making deals with the process of choice which leads to action. Simon thus points out that it is important to understand this dimension of an organisation, which is rooted in the behaviour of man in the organisation. Without that, the study of administration would remain largely inadequate (IGNOU Material, 2011).

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## 10.5 ROLE OF CHOICE AND BEHAVIOUR IN DECISION-MAKING

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Simon's central work that emerged later, on decision-making and Rational Choice Approach was based on his doctoral study, which made an analysis of the behavioural and cognitive processes that are involved when a human makes a rational choice or decision. According to Simon, an administrative decision or choice or even an individual decision that is made depends upon the behavioural process that is applied, which is mostly based on the conscious or unconscious selection of activities or alternatives.

The term ‘selection’ refers to the preference of a course of action over other courses of action available to the decision-makers. And such course of action or the various choices identified and even the final selection of choice is based on the behavioural and cognitive reasoning of the individual or organisation.

In any routine process, the choice and action are directly related and we can say it is a kind of established reflex action. For instance, in an organisation, for routine processes like managing leave records of employees, payment of salary, etc., the concerned employees need not think about the choices or actions, as a reflex has been established between the standard procedures followed and the activities. In this case though the activities undertaken by a human resource manager, is a rational action, there is no consciousness involved in it. Such routine activities undertaken, which has a pre-determined standard set of procedures is called as a conditioned reflex action.

On the other hand, there are non-routine or unique situations in an organisation, for which the choices and actions are to be consciously decided. In such a case, the term ‘selection’ is the product of a complex chain of activities called ‘planning’ or ‘design’ activities. For example, if a new programme or scheme is to be implemented by a department or organisation, the programme is designed and choices and set of actions are identified and planned in a systematic manner, based on brainstorming discussion, extensive analysis, applying own judgment, etc. Thus, based on the detailed plan that is worked out, the chain of behaviour (e.g., friendly behaviour, strict bossy attitude, etc.) is expressed by the employee in implementing the programme and thus the set of activities planned out is executed in the designed fashion. Thus, for arriving at a conscious or unconscious selection of choices or decisions, Simon has stipulated *three* kinds of activities in the decision making process, which are as follows:

- i) **Intelligence Activity:** is about finding the occasions to take decisions. The head or executive of the organisation has to analyse and understand the organisational environment and also identify the problem that has to be solved.
- ii) **Design Activity:** includes development of course of action to solve the problem. Once the problem has been identified, the head or executive should search for all possible alternative course of action to achieve the solution to the particular defined problem.
- iii) **Choice Activity:** is about selecting the one best possible solution from the set of alternatives. To meet the organisational goals, the decision maker should choose or select one of the alternatives or course of action that suits the interest of organisation goals.

In these stages, the decision maker should be equipped with certain skills like judgement, creativity, experience and quantitative analysis. Though the decision-making process may seem to be quite simple, in reality it is more complex. In every activity that is mentioned, there is again a set of the *three* activities. That is, within the ‘intelligence activity’, all three activities like intelligence, design and choice activities are involved and it may be called as ‘wheels within wheel’.

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## 10.6 FACTS AND VALUES IN DECISION-MAKING

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According to Simon, each and every decision is based upon the logical propositions of facts and values. He states that “an administration science, like any science, is concerned purely with factual judgements. There is no place for ethical (value) statements in the study of science” (Simon, 1997). The effectiveness of a course of action depends upon the information available at a given point of time, which is related to the question of



facts. The effectiveness of the course of action also depends upon the capacity of that decision to attain the goals that are set. To choose the correct choice is related to the individual's preference, which deals with question of values.

In simple terms, fact is a statement of reality. It can be proved by observable means. On the other hand, value is an expression of a preference. It can only be subjectively asserted. For example, if a service is to be availed from a department, there might be various set of guidelines, rules or regulations that are to be complied with. This is nothing but the set of facts that exist in taking a decision. On the other hand, the decision to be taken depends upon the individual or organisational preferences, which can be either complying with the set of rules and regulations, or resorting to using influence in getting things done or even resorting to corrupt practices in meeting the requirement. While the former is the example of factual judgements, the latter is an example of value premises.

The behaviour of individual in an organisation is determined by the goals and objectives of the organisation. An organisation is meaningless, without the establishment of proper goals and objectives. The purpose of the organisation provides the direction and a frame of reference and determines the things that are to be done and things that should not be done. In this process, even a minute decision governing specific action is necessarily an application of broader decisions related to purpose and method. Simon (*op.cit.*) gives the example of a man walking. He describes the process as follows: "A walk contracts his leg muscles in order to make a step; he takes a step in order to proceed towards his destination; he is going to the destination, in order to mail a letter, and he is sending a letter in order to transmit certain information to another person and so forth".

Each decision, thus, involves the selection of a goal and behaviour relevant to it; this goal is not an end in itself. It may lead to a distant goal and so on, until relatively final aim is reached. He maintains that in so far as decisions lead toward the selection of final goals, they are called 'value judgements'. And if they involve the implementation of such goals they are called 'factual judgements'. For instance, in the budgeting of a local body the council has to decide on the set of items for which amount is to be allocated. This depends on the priorities. The decisions whether to allocate more amount to roads or parks, education or health are interlinked with the 'value judgements'. Once the priorities are decided, then the implementation mostly depends on 'factual judgements'. For instance, the length of the road, the connecting points, the type of road, etc., are decisions related to factual judgements. Value and factual decisions do not exist. Values and facts are only the premises and components which are inter-connected. Problems do not come to us as value decisions or factual decisions (IGNOU Material, 2017, *op.cit.*).

**Check Your Progress 1**

- Note:** i) Use the space given below for your answers.  
ii) Check your answers with those given at the end of the Unit.

1) Elaborate Simon's views on Classical Theory.

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2) Explain the activities involved in the decision-making process.

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3) Differentiate between the fact and value premises in decision-making.

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## 10.7 RATIONALITY IN DECISION-MAKING

Decision making and the rational choice of decision-making is the chief contribution made by Simon. Decision-making is a complex process which involves the network of unending decisions. In a normal situation, analysing the sequence is easy and rational decision-making is also possible. But in a complex situation, analysing the sequence is difficult and rationality also suffers. But Simon says that all the decision-making processes are based upon the rational choices only.

Simon (*op.cit.*) defines rationality as something that is “concerned with the relation of preferred behaviour alternatives in terms of some system of values whereby the consequences of behaviour can be evaluated”. For this, the decision-maker should have complete knowledge of the possible courses of action and also their consequences. However, in real life situation, a complete knowledge of all alternatives and consequences is not possible due to certain limitations. Such limitations may be either due to the limited knowledge of the decision maker; sometimes even the structural arrangement of an organisation can also cause the limitation. Some of the limitations that prevent complete rationality in taking decisions are as follows (IGNOU Material, 2008):

- Limited knowledge or awareness of the decision-maker on the full range of possible solutions to the defined problem.
- Limitation of the decision-maker in knowing the consequences of each possible alternative strategy.
- Inadequacy of the decision-maker’s information.
- Insufficiency of his/her time to examine fully each possibility and its consequences.
- Lack of knowledge about the future events in which the decision will be operating.
- Limitation in choices and alternatives due to decision-makers’ habits, personal beliefs and intellectual capacity.
- Influence, conventions, and behavioural norms of informal groups on the decisions.

- Organisational factors such as the rules and procedures of formal organisation, its channels of communication, etc.; and
- External pressures.

Simon also elaborates on the types of rationality that is involved in taking a decision. The *six* different types of rationality put forward by Simon include objective, subjective, conscious, deliberate, organisational and personal rationality. A decision is:

- Objectively Rational: if it is correct behaviour for maximising given values in a given situation.
- Subjectively Rational: if the decision maximises attainment relative to knowledge of the subject.
- Consciously Rational: where adjustment of means to ends is a conscious process.
- Deliberately Rational: to the degree that the adjustments of means to ends has been deliberately brought about.
- Organisationally Rational: if it is oriented to the organisation's goals; and
- Personally Rational: if the decision is directed to the individual's goals.

Though rationality is the basic premise for decision-making as stated by Simon, he also rejects the concept of total rationality due to the unrealistic assumptions involved in it. *Firstly*, total rationality is based on the belief that decision makers are omniscient and they have knowledge about all available alternatives as well as their consequences. *Secondly*, the assumption is that the decision-maker has unlimited computational ability. *Finally*, it believes that the decision maker has the capacity to put in order all the possible consequences. Simon says that these assumptions are fundamentally wrong (IGNOU, 2017, *op.cit.*).

The human behaviour is neither totally rational nor totally irrational. Simon further states that the behaviour or knowledge is bounded by cognitive limits and this led to his concept of 'bounded rationality'. While discussing the theory of Bounded Rationality, he also coined the term 'satisficing', which is derived from the words 'satisfaction' and 'sufficing'. That is, while taking a decision, an individual does not explore all the alternatives that are available. Rather, an option that meets their aspiration level or satisfaction level is considered, instead of optimising decision. This real-world behaviour of individuals in making decisions is called 'satisficing' decision.

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## 10.8 MODELS OF DECISION MAKING

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Many kind of decision-making behaviour models are available. The basic idea about the models is to determine the extent of rationality of decision-makers. The models range from complete rationality to complete irrationality of the economic man and the social man respectively (Umapathy, 2010, *op.cit.*). Simon has developed the more realistic model of "Administrative Man" who stands next to the economic man. The behaviour of an individual in an administrative situation is conditioned by organisational factors such as the expected role of the position, obligation and duties, concern for public interest and moral and ethical responsibilities. It is therefore, impractical for administrative man to maximise the choice, unlike the 'economic man'. An economic man maximises, i.e., selects the best alternative from among all those available to him, whereas the administrative man cannot perceive all possible alternatives nor can predict all possible consequences. Instead of attempting to arrive at 'optimal solutions', the



administrative man is satisfied with 'good enough' or 'somehow muddling through' decisions (IGNOU Material, 2008, *op.cit.*). Thus, unlike the economic-man model in which maximising solutions are considered, in administrative-man model, satisficing solutions are considered.

## 10.9 MODES OF ORGANISATIONAL INFLUENCE

To influence decision-making process, the administrative organisation devises its own modes and methods. The organisation seeks to restrict the behavioural choice and decision-making autonomy of the operative employees. Such organisational influences fall under *two* categories, i.e., (i) establishing in the operating employee himself, the attitudes, habits and state of mind which lead him to reach that decision which is advantageous to the organisation, and (ii) imposing on the operating employee, the decisions reached elsewhere in the organisation (IGNOU, 2008). In the first type, influence is made through organisational loyalty of employees, his/her efficiency and training. In the second type, the influence is based on authority, advice or information. All these modes of organisational influence have been discussed here (adopted from IGNOU Material, 2017; *op.cit.*):

- **Authority**

The organisational culture builds the myth of authority in such a way that subordinates carry out the order coming from above without questioning them. The superior does not seek to convince the subordinate but expects acceptance of the orders readily. As has been maintained by Chester Barnard, authority lies with the subordinate who is accepting it and not with the superior who is exercising it. The myth of authority is able to influence to a large extent, the behaviour.

- **Organisational Loyalties**

In any organisation, its members tend to identify themselves with that group. This is an important characteristic of human behaviour. They take decisions keeping in view the interests of the organisations with which they have identification. The organisational good always dominates the consciousness of the member. It is this conception of good that makes him loyal and enable him to take decisions which would be in conformity with the good of the organisation. Thus, the behavioural choice is narrowed down by the organisational loyalties, and facilitates homogeneity of behaviour rendering group work possible. Each member of the organisation would also have a limited range of values which is essential to ensure accountability. But the problem in organisational loyalty is that each individual takes a narrow view of the organisation and ignores the broader organisational interests. Simon opines that as one moves higher in the organisation, greater would be the need for broader outlook.

- **Criterion of Efficiency**

The exercise of authority and the development of organisational loyalties are the important means through which the individual's value-premises are influenced by the organisation. But in every decision-making, there are factual judgements. They are influenced by the criticism of efficiency. The concept of efficiency involves shortest path, the cheapest means in the attainment of the desired goals. The efficiency criterion is largely neutral as to what goals are to be attained. The order "be efficient" is a major organisational influence over the decisions of members of any administrative agency.

- **Advice and Information**

The communication flow in an organisation is also important in shaping the decision-

making process. Advice and information available to an individual is an important input in making factual judgements. The organisation which is capable of facilitating effective communication can not only condition the behavioural choice, but ensure uniformity of judgement and action.

- **Training**

Training is a device which prepares members of an organisation to take satisfactory decisions. It equips an individual in methods of using his discretion in conformity with the design and the goals of the organisation. This is also a device through which the information and the necessary goals are transmitted to an individual, so as to enable him to make right type of choices in the organisation.

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## 10.10 CRITICAL EVALUATION OF SIMON'S WORKS

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From the discussion made so far, it can be understood that a significant contribution has been made by Herbert A. Simon, especially in building the process of decision making, theory of bounded rationality or the concept of satisficing. However, some scholars have been critical of the views expressed by Simon. Some of the frequent criticisms on Simon's works are as follows (Umapathy *et.al.*, 2010, *op.cit.*):

- Simon has given more importance to decision-making processes, but has neglected the social, political, economic and cultural factors influencing the administrative decision-making and behaviour.
- Simon's work mostly focuses on the factual judgements rather than values. However, exclusion of value premises would steer the study of public administration to mechanical, routine and less important aspects.
- His idea of fact-based administrative theory is more relevant to business administration rather than public administration.
- His idea of decision-making is too abstract, too formalistic and too functionalistic that it fails to take into account personal motivations and emotions.
- James Mc Camy felt that in Simon's analysis, individual disappears into organisation and that emotion vanishes in a puff of reason.
- Chester Barnard commented that Simon was trying to produce physics and at the same time trying to solve the riddle of the universe. He also made his criticism on four aspects viz., it was inconsistent in its use of the terms rational and efficient, did not take into account the enormous amount of uncertainty involved in most decisions, did not pay sufficient attention to the processes of communication within organisations and did not take a politically neutral stance.
- Simon's study of decision-making incorporates and makes use of the Logical Positivists' distinction between facts and values. His approach has been attacked as reviving in a new guise the discredited politics-administration dichotomy.
- Norton E. Long criticises the value-free science of administration stated by Simon, which may lead to the unintended and logically unwarranted result of reviving the policy-administration dichotomy in new verbiage.
- Selznick argues that radical separation of fact and value too often identified with the logical distinctions between fact statement and preference statements only encourages the divorce of means and ends.

- Simon’s concept of efficiency was criticised that the term equating it with economy and others objected to the use of the term on the ground that it leads to a mechanical concept of administration and to an inconsistent relationship between means and ends.
- Chris Argyris opines that Simon insisting on rationality has not recognised the role of intuition, tradition and faith in decision-making. Simon’s theory focuses on *status quo ante*.

**Check Your Progress 2**

**Note:** i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1) Explain the significance of rationality in decision-making.

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2) Discuss the various modes of organisational influence.

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3) Make a critical analysis of Herbert A. Simon’s works.

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**10.11 CONCLUSION**

Though some scholars have been critical of the works of Herbert A. Simon, it cannot be denied that contributions of Simon are a major breakthrough in the study of administration or decision making processes. In this Unit, you were introduced to the various concepts stated by him. His criticism on the classical theories and calling those set of organisational principles as ‘mere proverbs’, set the need to have a new thinking

on the way administration is looked at. The fact and value premises in making decisions and the role of behaviour and choice in arriving at decisions has reoriented the discussion on decision making, which led to the development of rational choice theory and bounded rationality theory. His contribution towards decision making approaches, the concept of bounded rationality, satisficing decisions and the model of administrative man, has helped a great deal in understanding not only pattern in which an individual takes a decision, but also widens the horizons of readers on how the functioning of an organisation is determined based on the decision-making process. The Unit has, thus, given you a glimpse of the key concepts studied by Simon.

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## 10.12 GLOSSARY

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<b>Bounded Rationality</b>	: It works by availability of facts and choice of preferences human behaviour is neither totally rational nor totally non-rational.
<b>Fact</b>	: It is a statement of reality indicating the existing deed or action which can be tested empirically.
<b>POCCC</b>	: The acronym stands for Planning, Organising, Commanding, Coordinating and Controlling.
<b>Status quo ante</b>	: The way things were before POSDCORB the acronym stands for Planning, Organising, Staffing, Directing, Coordinating, Reporting, and Budgeting.
<b>Value</b>	: It is an expression of preference which cannot be asserted subjectively.

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## 10.14 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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### Check Your Progress 1

- 1) Your answer should include the following points:
  - Simon called the 'principles of administration' as '*mere proverbs*'.
  - Classical Theory consists of equally plausible and acceptable contradictory principles.
  - The principles of administration lack scientific validity and universal relevance.
- 2) Your answer should include the following points:
  - Intelligence Activity.
  - Design Activity.
  - Choice Activity.
- 3) Your answer should include the following points:
  - Fact a statement of reality, proved by observable means and the value is an expression of a preference.
  - Factual and value judgements.

### Check Your Progress 2

- 1) Your answer should include the following points:
  - Decision-making in normal and complex situations.
  - Various limitations that prevent rationality in taking decisions.
  - Types of rationality that is involved in taking a decision.

- 2) Your answer should include the following points:
  - Authority.
  - Organisational Loyalties.
  - Criterion of Efficiency.
  - Advice and Information.
  - Training.
- 3) Your answer should include the following points:
  - Various criticisms mentioned in the Section 10.10.



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