# FOUNDATIONS OF ORGANIZATIONAL RATIONALITY

By

Igbafe Kate Rashida
General and Entrepreneur Studies Unit,
University of Medical Sciences, Ondo State, Nigeria
igbafekr@gmail.com ; 0806 450 7391

## Introduction

This paper will discuss definition of rationality, and organisation. It will look at the views of theorists Fredrick Taylor, Max Weber and Henri Fayol on organisational rationality. Also to be discussed are Herbert Simon's view on rationality in decision making and Charles Taylor philosophical view.

## Definition of Rationality

Rationality has a wide range of definition. A social scientist Sarfin (2011) defines rationality as "the way people make decisions". An individual makes a rational decision when he uses quantitative observative data in order to determine the most suitable plan of action Sarfin's view on rationality states that when people because of a reason or goal come together and even establish an organization for continuation of the goal, they are putting into practice rationality. Rational decisions do not take emotions, superstitious or anecdotal evidence into account. People engage in rational decision making with the aim of achieving the best possible outcome.

The German sociologist Max Weber posits rationality as 'means-end rationality' i.e. rationality in achieving objectives, goals, purposes (Johansson1, 2003). This kind of rationality is confined to finding the efficient means.

In philosophy, people like Renes Descartes (1969), Charles Taylor (1982) cited in Johansson (2003) rationalist philosopher view rationality as the exercise of reasons. It is

the manner in which people derive conclusion when considering things deliberately.

The concept of rationality is deeply rooted in the philosophical tradition inherited from ancient Greece. Johansson (2003) says that through the ages, the idea of a human rationality has remained one of the seminal ideas in western philosophy.

Rationality therefore refers to the conformity of one's reasons to believe or with one's action, with one's reasons for action.

**Definition of Organisation**

Peretomode (1992) gave the following definitions of organisation as

(1) "an association of persons (with a degree of permanency) grouped together for the pursuit of predetermined goals".

(2) "the establishment of an efficient framework for the purpose of achieving objectives".

(3) "an institution established to achieve a goal".

(4) "a mechanism or basic framework enabling persons to work effectively and achieve the set goals through integrated group efforts".

From the above, organisation has three essentials which are people, common goal and means to attain a goal.

Organization as a system of consciously coordinated activities or forces of two or more persons shows that formal organization is the structural expression of rational action. Over the years, social scientists have asked how organization form, why people become part of these organization and how they can function more effectively. A theory which states that people organize into groups out of rational motives was formed and social scientists call this theory 'rational organisation' (Sarfin, 2011). The desire to be as

efficient as possible characterizes a rational organisation. The rational organisation theory looks at an organisation as a mechanism with many different parts. To increase efficiency, managers manipulate the parts and goals of the organisation to be achieved.

**Theorists View on Organisational Rationality**

Assumptions as to the nature of organisations have undergone constant change. Early theories of organisation, such as Taylor's scientific management theory, Fayol's administrative theory and Weber's theory of bureaucracy, all had strong underlying assumptions about the behavioural rationality of the organisation (Dixon, 2001).

### *Fredrick Taylor*

Rational model also called classical model is one of the variables of organizational analysis and a pioneer of this model was Fredrick Taylor. In his view there is one best way to perform a task for efficiency, that is, task is to be accomplished in the least amount of time. He extended this view to „ management by saying that organizational tasks can be more efficient if scientific principles are applied. These principles ignored the feeling of the workers which is getting to do task repeatedly and thereby boredom come in. Workers become replaceable part in the organisation machine.

The rational model pressures that decisions about organisation structure are reached because of organizational goals, and needs. Organisations are treated as mechanical groups which have structure of different parts which can be modified and manipulated in order to improve the efficiency of the entire organisation and individual parts can be modified. The long term development is that organisation plans are modified to accomplish definite goals.

The rational model in the description of Harold Brown (1988) in Dixon (2001) identified the following components: "(1) Universality: All rational thought will consistently lead to the same conclusion for each specific situation given the same information set. (2) Necessity: The rationally denied conclusion must follow with necessity from the information given. (3) Rules: The rationality of a conclusion is determined by whether it conforms to the appropriate set of decision rules. (4) Algorithms: Decisions rules which, when applied to a problem provide a solution in a series of steps. (5) Induction; means versus the ends (6) Justification: The rational. Justification of the means (7) Value: Rational processes have value due to the reliability of the results" (Dixon, 2001).

The rational model is persuasive among managers and corresponds to the pyramidal organizational structure in which top managers are at the apex and employees are at the bottom. In this model, managers possess authority they define and assign tasks to employees who are charged with completing the tasks. Clear instructions are given, evaluation of employee performance and rewards and punishment are given based on performed tasks. Motivation from rational model involves increasing pay or threatening workers with punishment. The rational model is thus a starting point for thinking about organizational analysis.

### Max Weber

Weber's theory of bureaucracy comprises of hierarchy of authority, rules and regulation, division of labour, documentation impersonation. His views are that modern organisations are bureaucracies characterized by strict rules and routines for administrative behaviour. Weber's idealized organizational structure, responsibilities for workers are clearly defined and behaviour is tightly controlled by rules, policies and procedures.

Weber's theories of organisation reflected an impersonal attitude J towards the people in the organisation. Weber believed that bureaucracies, staffed by bureaucrats, represented the ideal organizational form (Simon, 1979). In Weber's view on organization rationality, he proposed an interpretation of social action which distinguished between four different idealized types of rationality. The first is purposive/instrumental rationality. This is related to the expectation about the behaviour of human beings in the environment. The expectation serve as means for a particular actor (person) to attain ends, ends which Weber noted were rationally pursued and calculated. The second is

value/belief-oriented rationality. This is the action undertaken for reasons intrinsic to the actor (person). Some ethical, aesthetic, religious or other motive, independent of whether it will lead to success.

The third is effectual rationality. That is a person's specific effect, feeling or emotion is determined.

The fourth is traditional rationality determined by ingrained habituation Weber emphasized that these types of rationality do not act alone, combination is the norm. Weber's usage makes it clear that he considered the first two more significant than the others, though they are subtypes of the first two.

In Weber's typology of authority, he stated three types of authority (i) charismatic (ii) Traditional and (iii) Legal rational. According to Weber, the legal rational authority is a system of rules and procedures designed to achieve specific goals, so as to have an effective organisation. Jomoh cited in Nnamdi *et al* (2004: 142) posit "in Weber's view, a bureaucratic organisation is capable of attaining the highest level of efficiency, since the means used are those which will best achieve set goals.

***Henri Fayol***

Another important contributor to organisation theory in the early 1900s was Henri Fayol. He is credited with identifying strategic planning, staff recruitment, employee motivation and employee guidance (via policies and procedures) as important management functions in creating and nourishing a successful organisation (Simon, 1979).

In Fayol's contribution to administrative theory, he tried to "design a rational system of organization in which the fulfillment of the primary goal of the enterprise

constitutes the basic objective". Imhabekhai cited in Nnamdi *et al* (2004:108). Fayol further stated that organisations justifies their existence when they meet primary goals of providing value in the form of goods or services to their consumers and consequently reward employees.

**Herbert Simon's View on Rationality in Decision taking**

Simon (1978) cited in Dixon (2001) view rationality in decision making as procedural rationality. This refers to the effectiveness of the technique, used to make decisions (Simon, 1978) procedural rationality exists when decision makers engage in the social and psychological processes that indicate effective problem solving. This rationality occurs when the person exhibit vigilance (Jana et al, 1977) cited in Organ and Bateman (1991). Vigilance increases the decision maker's ability to acquire and process pertinent information. Vigilance occur when the decision maker thoroughly canvasses a wide range of alternative courses of action, surveys the full range of objectives to be fulfilled and the values implicated by the choice. Also, it carefully, weighs whatever is known about the costs and risks of negative consequences, as well as the positive consequences, that could result from each alternative, it intensively searches for new information relevant to further evaluation of the alternatives, correctly assimilates and takes into account any new information or advice offered, even when the information or advice does not support the initially preferred course of action. Vigilance re-examines all the possible consequences of all known alternatives before making a final choice, including those originally regarded as unacceptable, making detailed provisions for implementing or executing the chosen course of action, with special attention to contingency plans that might be required if various worst-case scenarios come to pass.

The description of managerial decision making is more normative (indicative of how people should make decisions) than descriptive (indicative of how people do make decision) while it offers a useful standard for which the decision maker might strive, its virtual impossibility has led to the development of other useful concepts of rationality in organizational life.

Decision makers cannot maximize outcomes because of limited information and other constraints such as time and cost. People are limited also by their ability to process information even if it is readily available. Simon analyzed uncertainty in organisational decision making, focusing on identifying the constraints under which decisions are made.

Bounded rationality means that while individual act purposefully, they do not necessarily act as they would if they were both fully informed and completely rational. Simon in his theory on bounded rationality in decision-making implies that the decision makers satisfy instead of maximizing. He said satisfying occurs when an alternative is selected that needs minimum standards of acceptance. Aghayere in Nnamdi, Offiong and Tonwe (2004:309).

In decision making situation, the description of behaviour is regarded by Simon as subjective rationality that is it maximizes attainment. Simon's principle of bounded rationality is that human beings seldom try to find the optimum action in a decision problem. They set ranges of outcomes good enough and select the best strategy that is good enough for the set outcome. This principle describes the actual decision procedure of human beings; and it reminds us not to assume an irrational extreme of rationality.

According to Aghayere in Nnamdi et al (2004) Simon described three stages of the process of decision making. They are (1) the Intelligence Activity. That is to identify

occasions for decision making. (2) The Design Activity. That is to invent, develop and analyse possible course of action. (3) The Choice Activity. That is to select a particular course of action from available choice.

### *Charles Taylor*

Charles Taylor a philosopher wrote an essay on Rationality and he was normative in his approach. He argued that "there is a universal foundation for rationality that deserves to be preserved and defended" (Johansson, 2003). His discussion of rationality was in a way that is leading us beyond the mechanistic framework. In most respects the view of rationality as theoretical understanding deviates from the mechanistic assumptions of rationality. Society is not seen as a rational creation by an subject outside the system. It is not supposed to be manipulated by an `external mastermind instead its claim to rationality is supposed to be sustained by many actors within the system.

Some reasons why organisation theorists should be interested in the views of rationality are: first, the perspective tends to focus on fundamental aspects of rationality which tend to be overlooked when rationality is discussed within the mechanistic framework. The connection of rationality with reason and the location of rationality with the many actors in the organisation.

Also, this approach can hardly be rejected on the basis of the systemic, anti mechanistic critique of rationality. Although the very purpose of the rationalization envisioned by the enlightenment philosophers was to build social-institutions on reason, this foundation is not always evident in real modern institutions. It can be claimed that the rationalization of modern organisations to a large degree has been founded on a created gap between reason and rational behaviour. This is not to deny that the major

rationalization movements under the industrial epoch, bureaucratization and scientific management, postulate that reason is applicable to organisations.

In addition to these, Taylor claims that a rational society is recognizable by its members' interest in theoretical understanding. He stresses the importance of articulation for such purpose as making our views known and opened for discussion.

Another reason why organisation should consider the idea of rationality as theoretical understanding has to do with the wide variety of current theoretical and managerial perspectives which claim to build on great trust in people in organisations, in their competence, judgment, ability to think.

The most basic and seminal assumptions of the mechanistic view on organisation and organisational rationality can be found in the philosophy of Descartes. Renes Descarte was a rationalist philosopher. His conception about human reasoning is that human reason is clearly mechanistic mould. Within the mechanistic framework, the organisation is basically a rational tool for somebody's purposes. "This view presupposes a rational mind (subject) behind the organisation. This subject is creating the organisation to be a rational instrument" (Johansson, 2003).

Scott (1987) cited in Dixon (2001) says that "organisation rationality has been stated by organizational theorists to be based on information, efficiency optimization, implementation and design.

Scott's view was reduced to two primary component first "that of goal specificity: providing the criteria by which goals are developed and supported and the second one is that of formalization - the design of organizational structures and work flows to facilitate the achievement of the organisation's goal (Scott, 1987 cited in Dixon, 2001).

Dimaggio et al (1983) posits highly structured organizational fields provide a context in which individual efforts to deal rationally with uncertainty and constraint often lead in the aggregate to homogeneity in structure, culture and output.

Staw (1980) cited in Organ et al (1991) mentioned a form of rationality which is retrospective rationality. Here decision makers justify the rationality of decisions that have already been made. Thus, managers often defend what they did by sounding rational rather than rationalizing; decision-making meetings are often merely forums for announcing, explaining, defending and otherwise promoting decisions that have already been made; and decision makers often sink additional resources into a losing course of action hoping they can turn it around thereby proving the rationality of their initial decision.

In conclusion, a rationalist theorist Mosterin cited in Wikipedia makes a distinction between theoretical and practical rationality, stating that reason and rationality are not the same. Reason is psychological, rationality is optimizing strategy. Foundation of organisational rationality arose from the views of some sociologists and philosophers.

# REFERENCES

Dimaggio, P.J. and Powell W.W, (1983). The iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. American Sociological Review. Vol.48 pg. 147-160 retrieved from http//www.jstor.org/discover.

Dixon, R.D. (2001). Advanced Information Systems: Impact on Organizational Rationality. Retrieved on 13/5/2012 from www.mountainplans.org/.../... cached

Encyclopedia of Small Business (2007). Organisational Theory.

Johansson, O.L. (2003). Organisational Rationality Beyond the Mechanistic Framework, Retrieved from http://www.oru.se.

Nnamdi, H.S., Offiong, O.J. and Tonwe, D.A. (Ed.) (2004). Eminent Administrative and Management Thinkers. Amfitop Books, Lagos.

Organ, D.W. and Bateman, T.S. (1991). Organisational Behaviour. IRWIN Homewood. Richard D. IRWIN INC.

Peretomode, V.F. (1991). Educational Administration: Applied Concepts and Theoretical Perspectives. Joja Educational Research and Publishers Ltd, Lagos.

Sarfin, R.L. (2011). What is Rational Organization Theory. Retrieved 13/5/2012 www.ehon.com/info-8637601 -rational-organisation.

Simon, H.A. (1979). Rational Decision Making in Business Organisations. American Economic Review, 69, 493-513.

Wikipedia the free Encyclopedia. Retrieved on 31/5/12 from http://en.wikipedia.org/wiki/Rationality