Chapter 4
The Paradigm Shift in Organizational Research

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ABSTRACT
The creation and development of theory and methods used in the study of organizations is predominantly carried out grounded in the positivist paradigm – epistemological and methodological assumptions similar to those of the natural sciences. This essay looks at the limitations of that paradigm for the study of human organizations and the benefits of relativist, humanist and post-modern assumptions, theory and methods. Limitations of the predominant paradigm are taken up by analyzing basic assumptions – objectivity, generality, empiricism, and linearity. The benefits of a more inclusive paradigm are reviewed in terms of two topic areas: Organizational learning and decision making, and financial markets and price distortion.

INTRODUCTION
In the Structure of Scientific Revolutions, Kuhn (1996) writes of paradigmatic research and paradigm shifts. It might be argued that organization studies is at the cusp of a paradigm shift away from the current positivist paradigm toward one more inclusive of relativist, humanist, and post-modern approaches. Positivist epistemological assumptions and hypothetical-deductive methods reflect those used in the natural sciences. That approach has substantial weaknesses in social studies. The weakness of the current paradigm is in the inability to support scholars in addressing vital and challenging questions. New paradigmatic terms are needed to provide for a greater array
of epistemological assumptions and research methods capable of addressing a wider set of research questions and theories. Towards this end, we must reflect on predominant configurations of epistemological assumptions, methods and professional practices.

This paper begins that discussion by looking at alternative approaches to predominant assumptions and methods through a review of humanist, relativist, and postmodern approaches to research. In this essay, we will ask the following questions: How would current predominant research assumptions in the study of organizations need to change? Which aspects of research methodology that support the current positivist paradigm would need to change? What would a new normal science more inclusive of relativistic, humanist, and postmodern thought look like?

A new paradigm for our field would adopt a more inclusive set of epistemological assumptions and associated research methods. This essay will begin by discussing limitations of the current paradigm in terms of four key aspects: Objectivity, generality, empiricism, and linearity. However, these categories should only be considered as rhetorical devices to structure the discussion. No claim is made as to whether these categories are definitive. Following that discussion, this essay will provide detailed examples of studies that exemplify relativist, humanist, and postmodern approaches.

First, research methodology in organization studies has to include a wider range of notions of truth beyond objectivity. Reflecting the model of the natural sciences, the current positivist paradigm defines scientific truth as a scholarly consensus regarding a particular object of analysis. It assumes that social processes are best understood in terms of general patterns of behavior that remain stable across time and situation. Given that assumption, the best approach is for scholars to bracket or avoid their own subjective perspectives - a ‘value free’ or ‘objective’ orientation. However, relativism, humanism and postmodernism question the understanding of social truth and reality from a transcendental point of view. Rather, ‘truth’ and ‘reality’ are socially constructed, situational, and relative to particular temporal and social circumstances. Reality is a worldview founded upon our particular history, background and social context; and therefore, reality is subjective and relative. The current positivist paradigm assumes that there is one truth which researchers can look for, while relativism, humanism and postmodernism believe that truth is humanly imposed understanding - not immutable structure.

Consciousness is the missing piece in traditional social science research. Social action is held together through consciousness; social systems constitute an interweaving of subjective energies with objective existence. Human beings engage in purposeful action and create symbols such as words, ideas, concepts, opinions, emotions, projections, and beliefs, and respond to them and use them to achieve goals. The analysis of social systems is different from natural systems in that the observer cannot stand apart from but has to participate in and thus necessarily impacting the object of analysis. Scholarly research from this point of view is not only influenced by the social system but also influences that system at the same time. Knowledge is a perspective, and different individuals use different viewpoints to interpret a heterogeneous world (Manuel-Navarrete, 2001). The idea of the scholar as an active interpreting author of knowledge, not just as an outside reporter of knowledge, is not new. Max Weber’s classic ‘ideal type’ methodology (Weber, 1963) is an example of an active interpretive approach to social science. Indeed, this is not a problem that is entirely avoided in the natural sciences – the study of quantum mechanics and particle physics has long grappled with the problem of the act of observation itself changing that which is observed (Faye, 2008).

Postmodernist approaches – sometimes called “Critical Theory” - provide tools for understanding organizations beyond the simple determinism of
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