3   The Functioning of Organizations

The cooperative system is incessantly dynamic, a process of continual readjustment to physical, biological and social environments as a whole.
CHESTER I. BARNARD

People move in the course of their daily work from a role in one system to a different role in another system; it is essential that this be recognized and that behaviour appropriate to the role be adopted if trouble is to be avoided.
WILFRED BROWN

I hope not for greater efficiency in our problem-solving but for better understanding of our problem setting.
SIR GEOFFREY VICKERS

If modification of the organization is involved, an understanding of the structure and dynamics of the thing acted upon is essential so that the chain reaction of change in one part coursing through other parts can be calculated.
E. WIGHT BAKKE

Most organizations most of the time cannot rely on their participants to carry out their assignments voluntarily.
AMITAI ETZIONI

By beginning from, and attempting to make sense of, the definition of the situation held by the actors, the Action perspective provides a means of understanding the range of reactions to apparently 'identical' social situations.
DAVID SILVERMAN

Is it surprising that prisons resemble factories, schools, barracks, hospitals, which all resemble prisons?
MICHEL FOUCAULT

Work expands to fill the time available for its completion.
C. NORTHCOTE PARKINSON

In a hierarchy every employee tends to rise to his level of incompetence.
LAURENCE J. PETER

Accepting the likelihood of a number of different types of organizations, as writers on structure suggest, is it feasible to think of analysing their activities? Is it possible to break down into categories what an organization does? Several theoretical schemes have been proposed for this purpose applicable both to industrial enterprises and, more generally, to all organizations. Their originators take the view that some common classification is essential to bring order to the thoughts of those who try to understand organizations.

Attempts to develop such unified analyses of organizational functioning, using differing but widely applicable concepts, have been offered by both managers and academics. Three top managers, Chester I. Barnard, Wilfred Brown and Sir Geoffrey Vickers, have put forward analyses based on their long experience of and persona1 insight into working at the top of organizations. E. Wight Bakke, Amitai Etzioni and David Silverman are three academics who propose broad conceptualizations of different facets of organizational activity based on sociological research. Michel Foucault explores the methods by which those at the top of organizations, and of society, maintain their control.

In the sub-section on Organizational Practices, C. Northcote Parkinson and Lawrence J. Peter amusingly but insightfully highlight certain practices of which organizations must be aware if they are to function efficiently.

Chester I. Barnard

Chester I. Barnard (1886–1961) was for many years President of the New Jersey Bell Telephone Company. On two occasions he was seconded for duty as State Director of the New Jersey Relief Administration, a government organization that allowed him many opportunities for contrasting the functioning of an established organization with one created ad hoc under conditions of stress. During the Second World War he developed and managed the United Service Organizations, Inc. As a practising top manager he had a continuing interest in describing organizational activities and the social and personal relationships between the people involved. This culminated in his classic book *The Functions of the Executive*, first published in 1938. His selected papers have also been published under the title *Organization and Management*.

Barnard begins his analysis from the premise that individuals must cooperate. This is because human beings have only a limited power of choice. They are confined partly by the situations in which they act, and partly by the biological restrictions of their nature. The most effective way of overcoming these limitations is cooperative social action. This requires that people adopt a group or non-personal purpose and take into consideration the processes of interaction. The persistence of cooperation depends on its effectiveness in accomplishing the cooperative purpose and also on its efficiency in satisfying the individual's motives.

A formal organization for Barnard is a 'system of consciously coordinated activities or forces of two or more persons'. This definition, and the analysis based on it, can be applied to all forms of organization: the state, the church, the factory, the family. An organization comes into being when '(i) there are persons able to communicate with each other (ii) who are willing to contribute action (iii) to accomplish a common purpose'. Willingness to *contribute action* in this context means the surrender of the control of personal conduct in order to achieve coordination. Clearly the commitment of particular persons to do this will vary from maximum willingness through a neutral point to opposition or hatred. Indeed Barnard maintains that, in modern society, the commitment of the majority of possible contributors to any given organization will lie on the negative side. Equally important, the commitment of any individual will fluctuate, and thus the total willingness of all contributors to cooperate in any formal system is unstable – a fact which is evident from the history of all such organizations. Willingness to cooperate is the result of the satisfactions or dissatisfactions obtained, and every organization depends upon the essentially subjective assessment of these made by its members.

All organizations have a *purpose*, but this does not produce cooperative activity unless it is accepted by members. A purpose thus has both a cooperative and a subjective aspect. The subjective aspect is not what the purpose means to the individual, but rather what the individual thinks it means to the organization as a whole. Thus workers will carry out a disagreeable job if they can accept it as relevant to the aims of the whole organization and their part in it.

The essential basis for cooperative action is a cooperative purpose which is believed by the contributors to be that of the organization. 'The inculcation of belief in the real existence of a common purpose is an essential executive function.' The continuance of an organization depends on its ability to carry out its purpose, but there is the paradox that it destroys itself by accomplishing its objectives, as is shown by the large number of successful organizations which disappear through failure to update their objectives. To continue, organizations require the repeated adoption of new purposes. This process is o⊛en concealed by stating a generalized purpose which appears not to change; for example giving a service, making motor cars. But the real purpose is not 'service' as an abstraction, but specific acts of service; not making motor cars in general, but making specific motor cars from day to day.

The other essential for a formal organization is *communication*, linking the common purpose with those willing to cooperate in achieving it. Communication is necessary to translate purpose into action. The methods of communication are firstly language – oral and written – and, secondly, 'observational feeling'. This is the ability to understand, without words, not merely the situation but also the intention. It results from special experience and training as well as continuity in association, which leads the members of an organization to develop common perceptions and reactions to particular situations.

Large organizations are made up of numbers of basic units. These units are small – from two to 15 persons – and are restricted in their growth by the limitations of intercommunication. The size of a unit depends on the complexity of its purpose and the technological conditions for action, the difficulty of the communication process, the extent to which communication is necessary, and the complexity of the personal relationships involved. These last increase with great rapidity as the number of persons in the unit group increases. Moreover, groups are related to each other. As the number of possible groups increases, the complexity of group relationships increases exponentially.

Interactions between persons which are based on personal rather than joint or common purposes will, because of their repetitive character, become systematic and organized. This will become the informal organization, which will have an important effect on the thought and action of members. Barnard envisages a continual interaction between formal and informal organization. To be effective, an informal organization – particularly if it is of any size – must give rise to a formal organization, which makes explicit many of its attitudes and institutions. Once established, formal organizations must create informal organizations if they are to operate effectively both as a means of communication and cohesion and as a way of protecting the integrity of the individual against domination by the formal organization. This last function may seem to operate against the aims of the

formal organization, but is in fact vital to it. For it is by giving individuals a sphere where they are able to exercise personal choice and not have decisions dominated by the impersonal objectives of the formal organization that the personalities of individuals are safeguarded and their continuing effective contribution to the formal organization made more likely.

On the basis of his analysis of organizational functioning, Barnard describes the functions of the executive. The members of the executive organization are contributors to two units in a complex organization – a basic working unit and an executive unit. Thus a foreman is regarded as a member of a shop group as well as of the department management group; an army captain is a member of the company and of the 'regimental organization'. Under such conditions a single action is an activity inherent to two different unit organizations. It is this simultaneous contribution which makes the complex organization into an organic whole.

It is important to recognize that not all work carried out by the executive is executive work. Executive work is 'the specialized work of maintaining the organization in operation' and consists of three tasks:

1. the maintenance of organizational communication;
2. the securing of essential services from individuals;
3. the formulation of purpose and objectives.

The task of *communication* has two phases: the first is the definition of organizational positions – the 'scheme of organization'. This requires organization charts, specification of duties and the like, representing a coordination of the work to be done. But the scheme of organization is of little value without the personnel to fill positions. The second phase of the task of communication is the recruiting of contributors who have the appropriate qualifications. But both phases are dependent on each other. 'Men are neither good nor bad but only good or bad in this or that position.' Thus o⊕en the scheme of organization has to be changed to take account of the staff available.

The informal executive organization has the function of expanding the means of communication and thus reducing the need for formal decisions. The issuing of formal decisions, except for routine matters and for emergencies, is unnecessary with a good informal organization. In this situation, a formal order is the recognition that agreement has been obtained on a decision by informal means. It is part of the art of leadership to eschew conflict in formal order-giving by issuing only those formal orders which are acceptable. Disagreements must be dealt with by informal means.

The task of *securing the essential services* from individuals has two main divisions: bringing persons into cooperative relationship with the organization, and eliciting the services of such people. Both are achieved by sustaining morale, and by maintaining schemes of incentives, deterrents, supervision and control, and education and training.

The third executive task is the *formulation of the purposes* of the organization. The critical aspect here is 'the assignment of responsibility – the delegation of objective

authority'. Responsibility for abstract long-term decisions on purpose lies with the executive organization, but responsibility for action remains at the base. The definition of purpose in particular situations is a widely distributed function; hence there is a need to indoctrinate those at lower levels with general purposes and major decisions if the organization is to be a cohesive organic whole.

As a practising manager in industry and in public service, Barnard combined a thorough knowledge of the workings of organizations with a wide reading of sociology. As a result his work has had a great impact on the thinking both of managers and of academics.

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Wilfred Brown

For over 20 years Wilfred (later Lord) Brown (1908–1985) was Chairman of the Glacier Metal Company and also Managing Director for most of that time. He later became a government minister and entered the House of Lords. The Glacier Metal Company, which manufactured bearings, was the subject of an important set of studies of management processes conducted by Elliott Jaques and the Tavistock Institute (see Chapter 1). Wilfred Brown thus had both long experience as a practising manager and a longstanding acquaintance with social research. His ideas are derived from his own experience and he does not claim that they are necessarily appropriate outside the engineering industry. Nonetheless, he argues that: 'The absence of a language, concepts and a general theory of administration is a serious impediment to the efficiency of industry.' He himself aims at clarifying what he believes happens in organizations.

Brown breaks away from the kind of analysis initiated by Fayol (see Chapter 4) which describes management as a mixture of elements such as forecasting, planning and organizing. Brown is less concerned with the nature of a manager's activities as such than with the social organization or set of social systems through which the manager works. His fundamental tenet is that a conscious recognition of these social systems will promote good management.

Brown proceeds to distinguish three social systems whose structures, taken together, comprise the organization of a company: the Executive System, the Representative System and the Legislative System.

The *Executive System* is the structure of roles more commonly referred to as the organization chart or hierarchy (including operators, clerks and so on, as well as managers or executives). It exists irrespective of people. Individuals may come and go, but the role does not disappear. New roles can be added to the system before any thought is given to who should fill them. The work content of roles can increase or decrease in importance without the persons in the roles changing their personal capacity to do the work. Because this social structure exists as an entity in itself, it can be consciously thought about and altered.

Brown contends 'that there seems to be quite a considerable tendency to construe all problems in industry in terms of the personal behaviour of people, and to exclude the notion that we can design trouble into, or out of, an executive system'. Thus people blame difficulties on the personalities of others or their own personality, seldom stopping to think whether the difficulty actually results from the design of the social system of which their own roles form a part.

Brown suggests that wherever there is an Executive System there will be within it, or alongside it, a *Representative System* to convey the views and feelings of subordinates to superiors. There may be no explicit recognition of this role structure, but it exists nonetheless. For example, a managing director who introduces changes will be faced with ad hoc deputations: groups with grievances to air will send forward spokespersons. Individuals in these representative roles are not necessarily stating their own views, of course, and cannot be held responsible by their managers as would be the case if they were acting in their executive roles. In Glacier Metal, representatives are formally elected by all levels of employees.

Brown's concept of the *Legislative System* differs from his concepts of Executive and Representative Systems. Each of the latter is a separate series of interrelated roles occupied by people, but the Legislative System is the interaction of four related role systems. These are the shareholders and directors, the customers, the Representative System and the Executive System. Each of these four role systems has very considerable power vis-à-vis a company. The power of each circumscribes what the company may do and their interaction legislates, in effect, for what is done.

Thus chief executives who feel that action is required which exceeds their authority may refer the matter to the board or to a shareholders meeting, or they may test customer reaction through the sales organization. In effect, these then interact with the Executive and Representative Systems. Glacier Metal has established councils for the purpose of legislating on general principles; for example, stating the obligations of employees on hours of work. Councils are composed of representatives and management members, but do not have executive authority. Through them the Representative and Executive Systems are brought into contact, and discussions are conducted with the reactions of the board, shareholders and customers in mind.

In the course of his discussion of the Executive System, Brown makes an analysis of the *operational work* and *specialist work* of businesses which is in contrast, say, to Bakke's analysis of activities (see later in this chapter). In Brown's view, all businesses carry out three functions – development, production and sales – which at Glacier Metal are called 'operational work'. But he also holds that all work activity implies (1) a staffing of activity, (2) a technique of activity and (3) a chosen quantified and timed deployment of activity on a particular operational task. Hence each of the three categories of operational activity – development, management and sales – may be thought of as having three possible dimensions of specialist work: a personnel aspect (organizational and personnel), a technical aspect (concerned with production techniques), and a programming aspect (balancing, timing and quantification of operations). Specialists arise in all these aspects. There may be personnel officers, engineers, production controllers, chemists and many more. Glacier has organized these specialists in divisions corresponding to Brown's analysis – a personnel division, a technical division and a programming division – whose specialist work supports the three operational work functions. Specialists are attached to the various levels of operational (or line) managers.

In *Piecework Abandoned*, Brown is concerned with methods of payment rather than with organization, but his conclusions stem from the same mode of thinking as is found in *Exploration in Management*. Under payment by results, manager–worker relationships are different from those under time rates; that is, the actual organization is different. He takes the view that a 'full managerial role' should include knowing subordinates, assessing their performance, being responsible for it and deciding whether or not they are capable of the roles required. In this case a full manager–subordinate relationship exists in which subordinates are assessed on their whole behaviour and are aware of their accountability to their manager. Wage incentive systems lay across this relationship a bargaining relationship in which the worker becomes a sub-contractor and the foreman abdicates the full managerial role. Thus the organization is changed. Employees are not held to account for loss of output because as sub-contractors they are paying for it themselves. They cease to hold fully responsible roles in the organization and regard lost time as their own affair. Using the same argument, Brown also attacks time-clocks which have the same effects on the role structure and behaviour as does piecework. Both wage incentives and clocking-on have been abandoned at Glacier's factories.

Brown's originality as a writer on management is in his use of the concepts of 'structure' and 'role'. His insistence on detached analysis using these concepts leads him to conclude that: 'Effective organization is a function of the work to be done and the resources and techniques available to do it.'

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Sir Geoffrey Vickers

Sir Geoffrey Vickers (1894–1982) served in the First World War and was awarded the Victoria Cross for bravery. He worked as a solicitor and then took charge of British economic intelligence during the Second World War. He was knighted in 1946 and subsequently became a member of the National Coal Board in charge of manpower, education, health and welfare. It was in the last 20 years or so of his life that he developed, systematized and recorded his ideas about institutions, organizations and policy making. At his death in his 88th year, he was visiting Professor of Systems at the University of Lancaster and still engaged on fresh work.

The processes of policy making, decision making and control are at the centre of Vickers' analysis. All of these processes take place within an organized setting – a group, an organization, an institution or a society. They are the key to understanding how organizations actually work.

Much of Vickers's extensive writing derives from his principal concern with the idea of *regulation*. Regulation is essentially the process of ensuring that any system follows the path that has been set for it. It is a concept that derives from information theory, systems theory, cybernetics and the control of machines. Vickers used ideas deriving primarily from technological contexts as a basis for developing a whole range of analytical concepts about policy making and management.

If one is to ensure that an organization is to carry out the functions and activities specified by its controllers, a number of activities have to happen, which taken together, constitute the regulation of a system. First, it is necessary for the controllers (the managers) to establish what the state of the system is, to find out what is happening. For Vickers this involves making what he calls *reality judgements* – establishing the facts. But facts do not have an independent meaning; their significance has to be judged. This involves the second part of the process of regulation, namely making a *value judgement*. This can only be done by comparing the actual state of an organization with a standard which acts as a norm. The third part of the process involves devising the means to reduce any disparity between the norm and actuality. Taken together, these three elements make up the regulative process of information, valuation and action.

It may initially sound as though regulation is a mechanical process, but this would be far from the truth. While the basic ideas come from machine systems, Vickers is very clear that adaptations and additions are necessary when it comes to the management of organizations and other human systems. The making of judgements is a uniquely human function which he describes as an art (see *The Art*

of Judgement). Central to making judgements is the process of *appreciation* because judgements involve the selection of information, the application of values and the choice of action. None of these processes is self-evident or straightforward. Any manager facing a situation has to make an appreciation of it. This is true not just of arriving at standards, but also of collecting information. Appreciation involves the manager in making choices and selections; deciding what indicators to use to describe the state of the organization; choosing what standards to set and what courses of action to follow. Appreciation requires the specifically human capacity of a readiness to see and value objects and situations in one way rather than another.

There is a very important relationship between regulation and appreciation. To regulate (control), the regulator (manager) has to deal with a series of variables, elements of a situation which establish how well a system (organization) is performing. But a manager can deal with only a limited number of such variables. Which variables are chosen for the purpose of regulation is a function of the manager's appreciative system. Like Herbert Simon (see Chapter 5) on whose work he draws, Vickers points out that there are cognitive limits to what an individual can handle – the amount that can usefully be watched and regulated. Managers are also limited by their interests in selecting which variables to attend to. Thus both cognition and personal interests are key elements in a manager's appreciative system.

Appreciation has a major role to play in organizational and institutional management because it steers the judgements that controllers make by setting the system. Because it is through their appreciative systems that managers make both their reality and value judgements, such a system sets the limits to what are to be regarded as choices and what as constraining. This steering function establishes what is enabling, what is limiting and what is crucial. The basic policy choice in any organization is what to regard as regulatable; this choice then lays down what the key relations and central norms of the system are to be.

Having established the central analytical constructs of regulation and appreciation and their relationship to one another, much of Vickers' work is then concerned with integrating a psychologically based approach to control, emphasizing individual characteristics, with further analysis which places the controller in a collective setting. Managers have to operate with and through others; the process of regulation is not machine-like for human systems. This means that choice and action have to be organized and operated on a collective basis. For this to happen, there has to be a set of shared understandings, an agreed set of norms.

Through their organizational positions and appreciative systems, managers have a key role in both building up the general appreciative setting of the organization through which its members establish common ways of operating, and also in setting up communication systems to deal with disparities that arise. It is a central issue for any manager to have to cope with the fact that shared norms, shared understandings and shared communication cannot be taken for granted. Indeed, Vickers suggests that control and regulation in organizations and institutions are becoming more problematic precisely because of the difficulty of maintaining agreement. This is because, on the one hand, there is a continuing escalation of

expectations; organizations reflecting this attempt to regulate more and more relations. On the other hand, the capacity of individuals for accepting regulation is steadily being eroded, with the evaporation of loyalty to organizations and the growing emphasis on *individual* self-realization (of which Vickers is highly critical). Together these produce a paradox for the contemporary manager who has to deal with employees and clients who are at one and the same time highly *dependent* and very *alienated*.

Attempting to deal with this paradox brings the wheel full circle, back to the importance of the appreciative system. This is because it is the manager's appreciative system which determines how issues will be seen and defined and what action will be taken. The manager is involved in making choices which are problematic because they are multi-valued. Choices are not simple and straightforward; they require the assessment of a number of dimensions which can be valued in a variety of ways. To regulate this involves the ability to predict possible outcomes and to learn about the relationship between action and outcomes.

The ability to deal with the paradox and so to regulate an organizational and institutional system is limited by the nature of what is changing. The rate and predictability of regulatable change sets limits to what is regulatable. To regulate an organization, the variables which the appreciative system regards as key in evaluating performance have to be predicted over time. Indeed, such variables need to be predicted over a time period at least as long as the time needed to make an effective response. Part of the reason for the breakdown of confidence in institutions derives from the fact that rates of change are high, shared understandings of what they mean and why they occur are difficult to establish, and the prediction of future action is extremely problematic.

In the end, it is the manager with an individual appreciative system operating in a particular setting who carries out control and regulation. The manager helps to set, and is affected by, what are regarded as standards of success, what scope of discretion is allowed and what is the extent of power. Crucial to the operation is what is regarded as possible. It is necessary for those responsible for control constantly to examine how they appreciate the world, rigorously to test the limits of their logic and skill, and always to be open to new ideas. Learning is control because of the role of appreciation in regulation.

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E. Wight Bakke

E. Wight Bakke (1903–1971) was a professor at the Labor and Management Center of Yale University for many years. He largely concerned himself with the general problem of the integration of people into organizations, but before his work developed in this direction he was interested in unemployment. In 1931 he investigated the plight of the unemployed worker in Britain.

Bakke's work on organization theory is focused on the problem of developing concepts – and meaningful words to denote them – with which to define and analyse organizations and their activities. Some order must be brought into the miscellany of findings from research and from the lessons of experience. His aim is to create theoretical means of analysis which can be applied not only to economic organizations, but to schools, churches and so forth. He is thus confronted with the task of reducing the seemingly endless diversity of forms of human social organization to some kind of common elements.

Bakke begins by thinking of a social organization as a continuing system of differentiated and coordinated human activities which welds together resources into a whole that then develops a character all its own. Of itself, this definition is perhaps no more than a truism, but by thinking in these terms Bakke makes the task of analysis a little clearer. If indeed it is useful to conceptualize a social organization as a system of activities, then a classification of activities is needed. If in addition it is useful to see those activities as operating on resources, then a classification of resources is a necessary complement.

The basic *resources* essential to the operation of an organization are held to fall under one of six headings. These are human, material (raw materials and equipment), financial, natural (natural resources not processed by human activity) and ideational (the ideas used by the organization and the language in which these are communicated). There is also the organization's operational field: for a company its sales market, for a trade union the labour market. Bakke's intention is that these categories, not unfamiliar for the most part, should be so defined as to be appropriate to the resources employed by any kind of 'specific purpose' social organization, be it economic, military, religious or any other. Similarly, he contends that all the *activities* of such organizations can be fitted into one or other of five categories: perpetuation, workflow, control, identification and homeostasis.

It is axiomatic that, if an organization is to continue in being, resources of the kinds listed above must be available to it. Activities which ensure this availability are called *perpetuation activities*. In industry, for example, the buying department discovers sources of supply of raw materials and endeavours to sustain the

required supply. Perpetuation of personnel is achieved by appointing new people and instructing them in their duties, an activity which may be specialized in a personnel department. A meeting to consider a share issue may be classified as a finance-perpetuating activity.

Workflow activities comprise all that is done to create and distribute the output of an organization, whether that output is a product or a service. A wide range of activities can be classified in this way. For example, a production activity in an organization might be a telephone exchange operator making connections for long-distance calls, or an assembly worker sealing tops on car batteries, or an army crew driving a tank on manoeuvres. On the distribution side are sales activities, and so on.

Bakke groups under *control activities* all activities designed to coordinate and unify. He breaks these down into four sub-categories:

1. directive activities, being those which initiate action, such as determining what shall be done and to what standard, and giving instruction – for example, a foreman allocating jobs;
2. motivation activities, rewarding or penalizing behaviour – for example an office supervisor recommending a salary increase for a clerk, or a foreman recommending discharge of a worker;
3. evaluation activities – for example reviewing and appraising people's performance or comparing alternative courses of action;
4. communication activities – providing people with the premises and data they need.

If the character of an organization – or 'charter' as it may be called – is to be reflected in a commonly held image of the organization in the minds of its members and of outsiders, activities must be carried out which define this charter and symbolize it. These are *identification activities*. Instances are an article in the company magazine stressing the unique qualities of the service the company has always given, or an address by the chief executive on the history and traditions of the undertaking.

Bakke argues that the four types of activities outlined above must be so arranged and regulated that they maintain the organization in existence in a state enabling it competently to perform its function. In short, there must be what he calls *homeostatic activities* which preserve the organization in 'dynamic equilibrium'. These activities are of four kinds: the fusion process, the problem-solving process, the leadership process and the legitimization process.

The concept fundamental to Bakke's *fusion process theory* is that both individuals and organizations are entities striving for self-realization. In this, he and Argyris (see Chapter 7) think on much the same lines. An organization attempts to shape in its own image all the individuals who join it, while individuals who join an organization likewise try to express their own personalities by shaping the organization accordingly. Each experiences some change, but there may be times when the organization and its members are mutually opposed. Hence the need for fusion process activities to reconcile, harmonize or fuse organization, groups and

individuals. (W.H. Whyte, Chapter 8, pillories some of these activities.) In the same way, an organization has to be more or less integrated with a diversity of other organizations outside itself; the process of accommodating divergent interests can again be thought of as fusion. Bakke himself has given particular attention to this idea of fusion processes, looking on it as a single frame of reference with which to simplify thinking about the array of human problems encountered in organizations, both in research and in daily experience.

The continual solving of non-routine problems in an organization is termed the *problem-solving process*. Bakke sets out what he believes to be a logical sequence of steps normally taken in problem solving. He also distinguishes a *leadership process* which provides imagination and initiative. Finally, there is the *legitimization process*, activities to justify and get accepted the end of the organization and what it does to pursue them. Thus a company secretary registering articles of association is performing a legitimization activity, for these articles state what the company has a legal right to do. Similarly, managers frequently persuade other people (and each other) that the organization's products are beneficial to those who use them, and that the organization is a good thing for all involved in it and for society. Ultimately, an organization cannot survive without acceptance of its legitimacy.

The idea of homeostatic activities is intended to apply to a very wide variety of organizations, but taking work organizations in particular, it appears to have much in common with what is usually meant by the words 'management' or 'administration'.

The point of constructing a theoretical framework, in the way Bakke does, is to clarify thinking. Does it help to make sense of what before seemed too complicated? Does it make like and unlike comparable, when before they seemed to defy comparison? Bakke is less concerned with management as such; the test of his contribution is whether, after any initial feelings of strangeness have been overcome, managers and researchers find that the use of his concepts helps them in their understanding.

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Amitai Etzioni

Amitai Etzioni is a sociologist who is the Founder and Director of the Institute of Communitarian Policy Studies at George Washington University, Washington, DC, USA. He is currently working in the area of social diversity and social conflict. Earlier, his concerns with fundamental sociological problems led him to examine organizations as promising research sites for their solution.

In his work he starts from the problem of social order, asking the question, why do organizations or other social entities keep going? This is the problem of social control which has intrigued social philosophers since Plato and which was put in its most pristine form by Hobbes. It is similar to the concern of Weber (see Chapter 1); for Etzioni, too, the question to be answered is 'why do people in organizations conform to the orders given to them and follow the standards of behaviour laid down for them?' This problem occurs in all social organizations, from the family to the nation-state, but Etzioni sees it as being particularly crucial in formal organizations. This is because organizations are designed as instruments. When one is formed, whether it be in government, business, education or recreation, it has a specific reason for existing, a goal or purpose; natural social systems such as the family or a community are much more diverse in what they do and it is difficult to think of them as having goals. But because organizations have this characteristic of attempting to reach a goal, it becomes important to measure how well they are doing. The result is an emphasis on performance.

Organizations continuously review their performance and will change their practices in the light of this. Organizations therefore face special problems of controlling the behaviour of their members: they must make sure that behaviour is in line with the requirements of performance.

Etzioni starts from the proposition that organizations, like other social units, require compliance from their members. Because of their intensive concern with performance (and also, in the modern world, their size), organizations cannot rely on members' total commitment to the aims of the organization to guarantee compliance. Also they cannot rely on an informal control system based on one individual influencing another such as occurs in the family. Organizations have formal systems for controlling what goes on in them; they have rewards and penalties of a clear and specific kind to ensure compliance from their members.

Compliance in any organization is two sided. On the one hand it consists of the control structures that are employed: the organizational power and authority structure which attempts to ensure that obedience is secured. This Etzioni calls the 'structural aspect' since it is concerned with the formal organizational system

and the kind of power that the organization uses to enforce compliance. As organizations cannot rely implicitly on their members to carry out orders perfectly, it is necessary to have a hierarchy of authority, to have supervisors: it is necessary to have job descriptions and specified procedures for doing things; it is necessary to have a division of labour. All of these are attempts to make the organization less dependent on the whims of individuals by controlling behaviour. The organization exercises its power by these bureaucratic means.

The second aspect of compliance is based on the extent to which members of the organization are committed to its aims and purposes. This is the 'motivational aspect' and is expressed in the kind of involvement that the individual member has with the organization. The more intensely members are involved with the organization, the more likely they are to work towards the realization of its goals. Etzioni argues that the more employees are committed, the fewer formal control mechanisms are needed. These two aspects of compliance are then used to produce a typology of organizations.

Etzioni outlines three kinds of power according to which organizations can be classified. The classification is based on the different means used to ensure that members comply. He distinguishes between coercive power, remunerative or utilitarian power, and normative or identitive power. These are based on physical, material and symbolic means respectively.

Coercive power rests essentially on the (possible) application of physical force to make sure that members of an organization comply with orders. Thus, to inflict physical pain or to cause death for non-compliance involves the use of this kind of power. Examples of organizations using physical means to different degrees are concentration camps and custodial mental hospitals.

Remunerative or *utilitarian power* rests on the manipulation of material resources. The organizational member's compliance is enforced because the organization controls materials, such as money, which the member desires. Thus, a system of reward based on wages and salaries constitutes this kind of power. Business organizations are typically based on remunerative control.

Normative or *identitive power* comes from the manipulation and allocation of symbols. Examples of pure symbols are love, affection and prestige which can be used to extract compliance from others. Etzioni suggests that alternative (and perhaps more eloquent) names would be 'persuasive' or 'suggestive power'. He sees this kind of power most often found in religious organizations, universities and voluntary associations.

These ideas are useful for making broad comparative analyses of organizations based on predominant characteristics. But not all organizations with the same general objectives have similar control structures. Etzioni suggests that labour unions can be based on any of the three: 'underworld' unions controlled by mobsters rely on coercion; 'business' unions offering members wage increases and better working conditions are essentially remunerative; and 'political' unions, centred on ideologies, rely on normative power. Most organizations attempt to employ all three kinds of power, but will usually emphasize one kind and rely less on the other two. Often different means of control are emphasized for different

participants in the organization. Members at the bottom are o⊚en more likely to be subject to coercive measures, whereas higher participants are more likely to be subject to normative power.

As with power, Etzioni suggests three kinds of involvement. His classification is based on a dimension of low to high involvement, the types labelled as alienative, calculative and moral. In essence, involvement in an organization can run from intensive negative feelings to highly positive feelings, with mildly negative and mildly positive in between.

Alienative involvement is the intensely negative end and denotes dissociation from the organization by the member. Convicts and prisoners of war are usually alienated from the organizations of which they are members. With *calculative involvements*, the member's relationship with the organization has little intensity and can thus be either positive or negative in a mild way. This is typical of business relationships. Finally, *moral involvement* denotes a positive and favourable view of the organization which is very intense. It is found in the highly committed church member, the loyal party member and so on.

When examined together, the three kinds of power and the three kinds of involvement generate nine types of compliance relationships in an organization: Etzioni argues that a particular kind of power and a particular kind of involvement usually occur together; thus the most common forms of compliance found in organizations are 1, 5 and 9. Coercive power produces alienative involvement, and vice versa; remunerative power and calculative involvement will be found together; similarly normative power and moral involvement are congruent with one another.

| | Kinds of involvement | | |
Kinds of power	Alienative	Calculative	Moral
Coercive	1	2	3
Remunerative	4	5	6
Normative	7	8	9

Organizations which represent these three empirically dominant types are a prison (with an emphasis on custody rather than rehabilitation), a factory and a church, respectively. The other six possibilities are incongruent in the sense that the power system does not fit the involvement of members. The result will be strain and a shi⊚ in one of the bases of compliance. Etzioni suggests that organizations which have congruent compliance structures will be more effective than those which suffer the strain and tension of incongruent systems. This means that business organizations function more effectively when they use remuneration rather than coercion or symbols as their basis of control. They need a system which is subject to ease of measurement and which can be clearly related to performance. Coercion (such as

threats of dismissal) and normative control (such as appeals to loyalty) can only be used secondarily.

However, it should always be remembered that there are many outside factors which affect the kind of control structure that an organization can use. In the kinds of societies which produce many complex organizations, the state monopolizes the use of force; indeed, we find that it is state-run institutions, such as prisons, which use coercive power. Other organizations, including business, are not allowed to. Similarly, general market conditions (such as the extent of competition or the presence of a labour pool) will affect the extent to which the utilitarian control used by a business firm will veer towards the coercive or normative end of the spectrum. Also, the beliefs that the participants bring to the organizations of which they are members, together with their personality makeups, will affect the degree to which they recognize particular kinds of control as legitimate. Etzioni points out the differences in response between the US of today and of two generations ago that would result from the same exercise in coercive power – for example, a teacher slapping a pupil. Changing belief systems mean that organizations have to change their compliance structures.

Overall, Etzioni is interested in laying the base for a wide-scale comparative analysis of organizations. As such he produces a conceptual framework which is applicable to all organizations and which emphasizes similarities and differences between them in different institutional areas.

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David Silverman

David Silverman is Emeritus Professor of Sociology at Goldsmiths' College, University of London. After studying at the London School of Economics, he spent a period in the US before taking up his present post. Working within the discipline of sociology, Silverman's interest has been to develop a sociological critique of organization theory. Much of his research work has been carried out in public sector organizations, including local government administration and the British National Health Service. In particular, he has studied selection processes, administrative occupations and professional–client relationships.

Silverman's main contribution has been the introduction of an 'action-oriented' perspective to organization theory. He has argued that an alternative is needed to what he regards as the dominant perspective in the study of organizations, namely systems theory. The alternative is to view organizations as the product of the actions and interactions of motivated people pursuing purposes of their own. For Silverman most organizational analysis is based on a mistaken set of assumptions, the basic mistake being to conceptualize organizations as systems which can be described and understood without reference to the motivations and interpretations of the people in them. Most organization theory mistakenly involves *reification*; that is, attributing thought and action to social constructs.

According to Silverman, organizational analysis started as a separate area of study by trying to offer answers to questions posed by those who control the operation of organizations, namely the managers. This has led to a consistent bias (through which the analysis of organizations is presented in a dehumanized, neutral way) in which only the concerns of managers are dealt with. It is Silverman's purpose to expose such biases which are apparent in all established approaches, and to set up a more satisfactory theory.

By contrast, Silverman distinguishes three characteristics of a formal organization. The first is that it arises at a discernible point in time and is easier than most sets of social relationships to perceive as an artefact. The second is that relationships are not taken so much for granted by those organizational members who seek to coordinate and control. The third characteristic is that planned changes in social relations and the rules of the game are open to discussion. Thus this definition looks at organizations from the point of view of the social relationships within them and how organizational actors (that is, the members) interpret and understand those relationships. Silverman's criticisms of organization theory are based on this view.

The dominant theoretical view of organizations analyses them as systems and is concerned with general patterns and points of similarity between all organizations,

rather than with individual action. A systems view regards organizations as a set of interdependent parts with needs for survival. In adapting to these needs, organizations are seen as behaving and taking action. Organizations have to transform a variety of inputs (people, money materials) into outputs; the process of regulation through which this occurs has been a predominant area of study. But systems theorists fail to consider that it is the *members* of organizations – interpreting what they understand as the environment, imparting meanings and common definitions – who do the regulating and adapting.

Because, like so much organizational analysis, systems theory starts from the viewpoint of the executive, it confuses the actions of managers with the behaviour of the organization. In carrying out this abstraction, systems theory directs attention away from purposive human action. Such an approach sees structures as *transcendental*, that is, with a logic of their own and analysable independently of human actions, perceptions and meanings. Silverman sees structures as *immanent*, that is, continuously constructed and reconstructed out of the meanings that actors take from them and give to them. These differences in approach are at the heart of conceptualizing organizations. Given these theoretical structures, the same problems are to be found in the two main variants of systems theory: *functionalism* which is derived from sociology, and *socio-technical systems theory* which is interdisciplinary in character. Both are concerned with the consequences rather than the causes of behaviour. Both rest on a biological analogy which is unsatisfactory for the description and explanation of human events. Both stress processes of adaptation and states of equilibrium, and cannot adequately deal with change and conflict. Both involve reification rather than dealing with the sources of orientations of organizational members.

However, within these rather severe limitations, Silverman does see some limited steps forward in the socio-technical systems perspective. The idea of behaviour and motivations as an outcome of technology has involved some writers in dealing with conflicts of interests and strategies. Seeing organizations as interrelations of technology, environment, sentiments and structures, with no one factor dominant, means stressing the absence of any one most efficient form of organization. But in the end any form of systems approach is unable to explain why particular organizations occur; it can only describe patterns of adaptation and their consequences in its own terms.

Silverman also sees problems with the other main approach that he identifies, *organizational psychology*. Admittedly, the issue of reification does not arise and there is a concern with people. But as with systems theory, the emphasis is still on needs, almost as if people were systems. Individuals are conceptualized as having needs to fulfil (for example physiological, social, self-actualizing) which form a hierarchy and are often in conflict with organizational goals. Silverman suggests that there are major problems in validating the existence of such needs and that it is not clear whether they would explain behaviour anyway. Also, writers using this approach are far too concerned with general patterns of need and behaviour rather than with individual action which, for Silverman, should be at the heart of organizational analysis.

To deal with all such problems inherent in established ways of theorizing about organizations there is only one solution – the adoption of an *action frame of reference*. The essential element in this approach is to view organizations as the outcome of the interaction of motivated people who are attempting to resolve their own problems and pursue their own ends. The environment is conceptualized as a source of meaning for organizational members, being made up of other actors who are defining situations in ways which allow actors inside organizations to defend their own actions and make sense of the actions of others. Some are given significance, others are not. Actions have no meaning other than those given to them by actors.

This method of analysis and theoretical approach is illustrated and developed in the work that Silverman has carried out with Jill Jones (now of the University of Westminster) on staff-selection interviews in public sector organizations. In empirical terms the emphasis on action, social construction of reality and the development of shared orientations leads to an emphasis on the study of language. It is through language that actions, perceptions and meanings of organizational rules, for example, are established and continuously reaffirmed.

Selection is thus not an objective process of getting the right candidate for the job, but a case of making sense of what goes on in a socially organized setting. In an interview situation, the actors may start with conflicting views of reality or the facts. An outcome has to be managed through verbal exchanges to arrive at an acceptable 'account' of the character of the interviewee and the process of selection. In doing this the actors usually confirm the existing structures of power and authority, shared meanings and rules of operation. The selection process is important in confirming the actors' understanding of what happens and why in the particular organizations of which they are members.

In further studies Silverman compared the specialist-patient interaction in private and National Health Service clinics. In NHS clinics the patient is allocated to a team of doctors and could well see different ones in successive consultations. The relationship is inevitably largely seen as impersonal. Private patients, by contrast, can organize their relationship to obtain a personalized service since they are perceived by the doctors as being entitled to act like the clients of any fee-paying service. They participate more in the consultation, including asking questions about the experience and competence of the practitioner. They are entitled to evaluate and comment on the service and they may shop around.

What happens in organizations, then, is a continuous product of motivated human action. For Silverman this is merely emphasizing a general principle of all social life. Because of this it is difficult to distinguish organizations as entities from other types of social structures – and not worth it. The study of organizations should not be seen as an end in itself, but as a setting within which general social processes can be studied from a clear *sociological* perspective. By doing this it is possible to ensure that analysts do not impose their own or management's view of what the issues and problems are.

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Michel Foucault

Michel Foucault (1926–1984) was a French philosopher and cultural historian, although his iconoclastic approach makes him reject as inadequate any categorization of his work using such pre-existing concepts. After qualifying in philosophy and subsequently in abnormal psychology, he held positions in a number of universities in France and abroad. In 1970 he was appointed to the prestigious Collège de France where, for the first time, he was able to determine the precise title he wished to take. He chose the distinctive one of 'Professor of the History of Systems of Thought'. He remained in this post until his death.

During his career Foucault published extensively, having to his credit a series of weighty volumes, numerous articles and lectures, as well as reports of interviews. His work, with its highly nuanced use of the French language, is difficult to understand, particularly in English. He writes in the profuse style of French philosophers to elaborate and complicate the ideas he presents, and as he develops his thought his analyses and arguments are not consistent from one volume to the next. In spite of this (from the Anglo-Saxon viewpoint) or because of this (as the French tradition would have it) his writings in this genre of 'literary philosophy' have led him to be widely considered as one of the leading cultural commentators who feature prominently in intellectual life in France.

Foucault's work deals with historical topics, although to emphasize that his concerns are very different from those of traditional historians he does not use the term 'history' to describe his work. His first major impact was his writing on the way in which the conceptualization and treatment of insanity has changed over the past four hundred years. He details the changes from the seventeenth to the twentieth centuries in the notions of what constitutes madness and how it should be treated. These analyses are characterised as 'archaeological investigations' to indicate that they refer to the all the philosophical, social and economic changes that have contributed to society's characterization of the insane. The English title of his major work on this topic, *Madness and Civilization*, illustrates the wide range of factors on which he draws.

His basic argument uses historical sources to show that madness is not an objective scientific condition which some people have while others do not. Its characterization is a result of society's philosophies and practices which change over the course of time. Until the eighteenth century philosophical revolution known as 'the Enlightenment', madness was not sharply distinguished from reason. It was associated with knowledge of sacred mysteries and could provide insights into the

human experience. In Shakespeare's plays, for example, this is illustrated by the character of the Fool or the Jester with his wise idiocy.

In the Enlightenment the distinction between reason and unreason (madness) became much sharper. People with reason worked, and thus achieved salvation. Those who did not work – the destitute, the idle (that is, unemployed), the beggars, the criminals, as well as the insane – were now regarded as scandalous and shameful by society and were excluded. The establishment of a physical separation was assisted because the dying out of leprosy across Europe meant that empty former leper colonies became asylums where they could all be incarcerated.

The harsh discipline of the asylum came later to be regarded as a form of ill-treatment and the insane were physically less restrained. They were then subject to the attentions of psychiatrists and the medical approach of attempting a cure was established. But, Foucault maintains, they were even less free, since now their minds were being pressured. Madness was a social failure and the doctor's exercise of absolute authority was a reflection of the stratification of the wider bourgeois society in which the mad were at the bottom of the social scale.

At each stage in history, it was not the objective nature of madness but the complex systems of moral discourse and social practice which determined how all the actors both the mad and the sane participated in the endeavour. These are the 'systems of thought' that Foucault is concerned with, as in the title of his Professorship. In later work on the history of sexuality, he uses a similar range of historical, cultural and ethical influences to analyse the processes by which individuals in modern Western society come to experience their sexuality.

The Foucault project which has had the biggest impact on organization theory is his analysis of power and authority in the organization. The organizations which he considers are those where the exercise of power in their everyday working is very visible; for example prisons, armies, hospitals, schools. In these organizations the warders, the officers, the doctors and the schoolmasters legitimately exercise considerable powers of discipline and control over the other members. His major work *Discipline and Punish: The birth of the prison* is an historical examination of the treatment of prisoners in the French penal system. Once again, to emphasize his particular approach he does not use the word 'history' but uses the term 'genealogy' to identify his analytical concerns. Genealogy is a 'form of history which can account for the constitution of knowledges, discourses and domains of objects'. It draws on historical, literary, medical, religious and philosophical bodies of knowledge to establish the distinctive 'discourse' on discipline and punishment which is the basis of power in the organization.

It is the discourse or frame of reference of those involved which determines the way they think and act, and therefore how the organization and those in it function. The nature of the discourse explains the way in which organizations emerge, develop and sustain themselves. In his *genealogical* investigations Foucault examines all the many factors which affect that discourse, coming to feel that the earlier *archaeological* investigations were too limited in focussing on the structural influences of social hierarchies.

Discourse, as Foucault formulates it, may be considered as 'the rules of the game' for those in the organization. It is the way of thought that they take for granted. It shows not just in what they say, but also in the arrangements and technological devices which are used for control.

Here Foucault takes up the notion of the 'panopticon' as designed by the early nineteenth-century British philosopher Jeremy Bentham. Bentham developed a theoretical design for a prison building which allowed the warder to continually survey many prisoners each in their own cell, while not being seen himself. Thus the prisoners could not know whether they were being watched or not (hence 'panopticon', that is, all-seeing machine). The aim, in addition to being a cost-effective, low-staffed prison, was to instil correct behaviour into the prisoners. Since they cannot know if they are being watched, they have to act properly all the time and so they internalize the rules. In Foucault's terms, the physical setting is thus part of the discourse.

In organizational life what is considered as true are not objective 'facts' but what is part of the discourse. For example, it may have been established that managerial work is worth more and should be paid more than physical work and this is accepted without question. But only certain facts are regarded as knowledge whereas other facts are omitted. In a discussion about the closure of a plant, for example, the profitable operation of the company will be taken to be part of the discourse. But the consequent economic and psychological disruption to redundant long-serving workers may not be included in the discourse, being deemed irrelevant to the company's performance. Prohibitions on discourse by the powerful serve to order and control it against the resistances of the rest.

Surveillance and discipline are also crucial parts of the discourse by which the powerful establish their 'truth' in organizations. Writing in the 1970s Foucault presciently focuses on surveillance as the key control process of the powerful, even before modern technological developments such as CCTV, e-mail trails and large-scale computer databases vastly increased the reach of this process. So, 'Is it surprising that prisons resemble factories, schools, barracks, hospitals, which all resemble prisons?'

The aim of the discourse is thus to establish what is taken to be 'normal' by all the participants. But Foucault does not regard this argument as meaning that the powerful in organizations can simply impose their domination on the powerless. Power is relational. The discourse is a 'battlefield' in which the powerful fight for their conceptions of truth and the powerless have ways of resisting. It may be established that joining trades unions or going on strike are also normal parts of the discourse. The fact that 'resistance to change' (that is, resistance to management's proposals for change) is endemic in organizations is indicative that lower levels are part of the discourse. For the powerful, of course, such resistance is itself a justification of the need for surveillance and discipline.

So the basic question that Foucauldian analysts ask is: 'What is the discourse and how is it being formed?' Barbara Townley has applied this approach to human resource management. An employment contract must leave much of the relationship between the organization and the individual undetermined. It can

specify the system of remuneration to be paid, but can be only very general about the commitment and effort required from an employee. How then is the discourse governing these to be established? Managements acquire knowledge about employees by the application of personality and aptitude tests, grading systems, incentive schemes, developmental appraisals or training programmes. The results of these procedures do not constitute 'objective facts' which are value neutral. What they do is give more information about the employee and thus increase the opportunities for classification, evaluation and control by top management while at the same time establishing in the discourse that this is a normal acceptable way to proceed.

Similarly, the establishment of bureaucracies (see Weber, Chapter 1) or the introduction of scientific management (see Taylor, Chapter 4) are not only, or primarily, for efficiency as their proponents argue. Their aim is to obtain knowledge to enable the organizationally powerful to establish the discourse which normalizes their control. Alfred P. Sloan's concept of 'coordinated decentralization' (see Chapter 4) or Drucker's 'management by objectives' (see Chapter 4) are ways of establishing a discourse in which managers accept self-control by internalizing the aims of the top management. Foucault coined the term 'governmentality' to mean the strategies both of the organizational governance of those at the top and the self-governance of those below. The aims of modern accounting and IT systems are, likewise, to establish 'governmentality' by obtaining knowledge to make the managers in the organization more open to both higher control and self-control.

Foucauldian analysis by emphasizing the subjective, contested nature of knowledge in the establishment of discourse provides another way of looking at the functioning of organizations.

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Organizational Practices

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C. Northcote Parkinson

C. Northcote Parkinson (1909–1993) was, as he himself put it, 'an Englishman with a distinguished academic career who has been writing scholarly books since 1934'. He taught at the Universities of Malaya, Liverpool and Illinois, but for most of his life devoted himself to full-time writing.

Parkinson confronts the manifest fact that there is little or no relationship between the work to be done in an organization and the size of staff doing it. The growth of administrative hierarchies may be independent of the work itself. To explain this phenomenon he propounds Parkinson's Law: 'Work expands to fill the time available for its completion.'

As a graphic analogy with the world of administration, he cites the case of the elderly lady with nothing else to do who spends an entire day sending a postcard to her niece, ending 'prostrate aer a day of doubt, anxiety and toil'. This is because, having nothing else to do, she elevates each single activity, such as finding a pen and a stamp and getting to the post box, into a major effort which demands much time and energy. In the same way an administrative task in an organization can either be regarded as incidental and done in a few minutes, or it can be elevated to a series of component tasks, each of which makes demands so great that in total they fill the working day.

Small wonder, then, that administrative officials find themselves overworked. What they will do about it is foretold by the motivational axiom, 'an official wants to multiply subordinates, not rivals'. Hence rather than share the work with colleague B, overworked official A appoints subordinates C and D. By appointing two, A preserves the position of being the only official comprehending the entire range of work. When C inevitably complains of overwork, A preserves equity by allowing C to have subordinates E and F and also by allowing D to appoint G and H. With this staff, A's own promotion is now virtually certain. Moreover, by this stage a second axiom has taken effect: 'officials make work for each other'. For seven are now doing what one did before, but the routing of draos, minutes and incoming documents between them ensures that all are working hard and that A is working harder than ever.

Parkinson cites impressive evidence of this process. British Royal Navy estimates disclose that over the first half of the twentieth century, while the numbers of ships and of officers and men declined, the numbers of Admiralty and dockyard officials increased rapidly. Indeed, the men of Whitehall increased by nearly 80 per cent; it may be concluded that this would have occurred had there been no seamen at all. Similarly in the Colonial Office; in 1947 and again in 1954 the figures for staff had

risen substantially even though during and aer the war the size of the Empire had shrunk markedly.

Once constituted, administrative hierarchies are bestrewn with committees, councils and boards through which the weightier matters of finance must pass. Now since a million is real only to a millionaire, these committees and the like are necessarily made up of persons accustomed to think in tens or hundreds, perhaps in thousands, but never more than this. The result is a typical pattern of committee work which may be stated as the 'Law of Triviality'. It means that 'the time spent on any item of the agenda will be in inverse proportion to the sum involved'.

Thus a contract for a £10 million atomic reactor will be passed with a murmur of agreement, aer formal reference to the engineers' and the geophysicists' reports and to plans in appendices. In such cases the Law of Triviality is supplemented by technical factors, since half the committee, including the chairperson, do not know what a reactor is and half the rest do not know what it is for. Rather than face these difficulties of explanation, any member who does know will decide that, despite any misgivings about the whole thing, it is better to say nothing. However, when the agenda reaches the question of a roof for the bicycle shed, here is both a topic and a sum of money which everyone understands. Now all can show they are pulling their weight and make up for their silence over the reactor. Discussion will go on for at least 45 minutes, and a saving of some £100 may be satisfactorily achieved.

Of course, such a committee will have passed the size of approximately 21 members, which Parkinson's 'Coefficient of Inefficiency' (a formula is given) predicts as critical. Where such a number is reached, conversations occur at both ends of the table, so that to be heard one has to rise. Once standing, the member cannot help but make a speech, if only from force of habit. At this point the efficient working of a committee becomes impossible.

This might have happened in any case from self-induced 'injelitis' – the disease of induced inferiority. From an examination of moribund institutions, it has been ascertained that the source of infection comes from the arrival in an organization's hierarchy of an individual combining both incompetence and jealousy. At a certain concentration these qualities react to induce 'injelitance'; soon the head of the organization, who is second rate, sees to it that the next level subordinates are all third rate, and they see to it that their subordinates are fourth rate, and so on. The organization accepts its mediocrity and ceases to attempt to match better organizations. Aer all, since little is done mistakes are rare, and since aims are low, success is complete.

The characteristics of organizations can be assessed even more easily than this, simply by their physical accoutrements. Publishers, for example, or again research establishments, frequently flourish in shabby and makeshi quarters. Lively and productive as these may be, who is not impressed by the contrasting institution with an imposing and symmetrical façade, within which shining floors glide to a receptionist murmuring with carmine lips into an ice-blue receiver?

However, it is now known that a perfection of planned layout is achieved only by institutions on the point of collapse. During exciting discovery or progress,

there is no time to plan the perfect headquarters. This comes a⊚erwards – and too late. Thus by the time the Palace of Nations at Geneva was opened in 1937, the League had practically ceased to exist. The British Empire expanded whilst the Colonial Office was in haphazard accommodation, and contracted a⊚er it moved into purpose-built premises in 1875. The conduct of the Second World War was planned in crowded and untidy premises in Washington, the elaborate layout of the Pentagon at Arlington, Virginia being constructed later.

In public affairs there is a propensity for expenditure on elaborate and inappropriate constructions such as those mentioned, as indeed there is for any other kind of expenditure. In fact, all forms of administration are prone to expenditure. This is due to the effects of Parkinson's Second Law: 'Expenditure rises to meet income.' The widely understood domestic phenomenon which unfailingly appears a⊚er each increase in household income is equally prevalent in administration – with the important difference in government administration that expenditure rises towards a ceiling that is not there. Were revenue to be reduced there would actually be an improvement in services. The paradox of administration is that if there were fewer officials, each would have less to do and therefore more time to think about what is being done.

Turning to the business corporation, Parkinson's historical eye provides a lively view of tycoons and their giant creations. His whimsical and colourful résumés of how the world's biggest businesses came to be what they are do not overlook their degrading and polluting consequences. At the same time, Parkinson's serious conclusion from his stories of multinational corporations and their most famous or infamous bosses is that their control requires a more international form of government, not a futile attempt to return to nationalistic control. Thus the growth of the multinationals could unintentionally lead to a global political gain, for 'Set quite apart from the bloodstained arena of nationalism is the new world of big business, a world where the jealousies of the nation-states are actually forgotten.'

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Laurence J. Peter

Laurence J. Peter (1919–1990) was born in Canada and studied education at Washington State University. He was Professor of Education at the University of Southern California, where his work concerned emotionally disturbed and retarded children. He has been a school psychologist, prison instructor, counsellor and consultant. His co-author Raymond Hull (1919–1985) was born in England, then moved to Canada. He wrote many plays for television and stage and also articles for leading periodicals. He also developed Peter's principle into a book, Peter himself having reached a level in the University hierarchy where he was unable to do anything about it.

This latter fact can be understood by 'hierarchiologists' (those who study hierarchies) from the *Peter Principle*. Derived from the analysis of the hundreds of cases of incompetence in organizations which can be seen anywhere, the Principle states: 'In a hierarchy every employee tends to rise to his level of incompetence.' This applies to all organizations.

The Principle assumes a constant quest for high performance. Hence people competent at their jobs are promoted so that they may do still better. Competence in each new position qualifies for promotion to the next, until people arrive at jobs beyond their abilities; they then no longer perform in a way that gains further promotion. This is the individual's level of incompetence. Given two conditions – enough ranks in the hierarchy to provide promotions and enough time to move through them – all employees rise to and remain at their level of incompetence. This can be stated as *Peter's Corollary*: 'In time, every post tends to be occupied by an employee who is incompetent to carry out its duties.' Every employee ultimately achieves *Peter's Plateau* at which his *Promotion Quotient* is zero.

How then is any work ever accomplished? Work is done by those who have not yet reached their level of incompetence. There can be occasional instances of 'summit competence' where competent company chairmen or victorious field marshals have not yet had time to reach their level of incompetence. Frequently such persons side-step into another field whose hierarchy enables them to attain a level of incompetence not available to them before. In general, classical pyramidal structures divided horizontally by a class barrier are more efficient than classless or egalitarian hierarchies. Beneath the class barrier many employees remain, unable to rise high enough to reach their level of incompetence. They spend their whole careers on tasks they can do well. Above the class barrier the pyramid apex narrows rapidly thus holding below their incompetence level many who joined because of opportunities of starting at this high point in the hierarchy. Aptitude tests for

promotion candidates do not in fact foster efficiency the main difference being that tested people reach their levels of incompetence sooner.

There are two main methods of accelerating promotion to the incompetence level, namely *pull* and *push*. 'Pull' is defined as 'an employee's relationship – by blood, marriage or acquaintance – with a person higher in the hierarchy'. 'Push' is usually shown by an abnormal interest in training and general self-improvement. The question is which of these two methods is more effective? The force of push is overestimated, for it is normally overcome by the downward pressure of the seniority factor. Pull, of course, is comparatively unaffected by this, which yields the dictum 'never push when you can pull'.

Non-hierarchiologists are sometimes deceived by apparent exceptions to the Peter Principle. Being kicked upstairs or sideways to a job with a longer title in a remote building is mistakenly thought to contravene the Principle. But the Principle applies only to genuine promotion *from* a level of competence, whereas both the above cases are pseudo-promotions between levels of incompetence.

Another error is in the notion of what is success. It is said that 'nothing succeeds like success'. In fact, hierarchiology shows that nothing fails like success. What is called 'success' the hierarchiologist recognizes as *final placement*. The so-called success ailments such as ulcers, colitis, insomnia, dermatitis and sexual impotence constitute the *final placement syndrome*, typical of those working beyond their level of competence.

Obviously the longer a hierarchy has been established the less useful work will be done, and eventually no useful work may be done at all (as in the injelitis coma discussed by Parkinson, earlier in this chapter). Parkinson's theory holds that as work expands to fill available time, so more subordinate officials are appointed whose arrival necessarily expands the work further, and so on; hence, hierarchical expansion. But the Peter Principle shows that the expansion is due to a genuine striving for efficiency. Those who have reached their levels of incompetence seek desperately some means of overcoming their inadequacy and as a last resort appoint more staff to see if this will help. This is the reason why there is no direct relationship between the size of the staff and the amount of useful work done.

BIBLIOGRAPHY

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