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Organizations

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by JAMES G. MARCH

and

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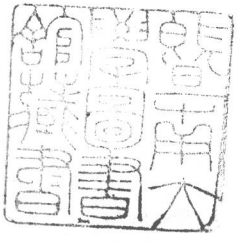
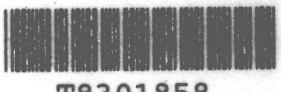


Harold Guetzkow



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Acknowledgments

THE WORK REPRESENTED by this book was undertaken initially by the triumvirate whose names appear on the title page. All of us shared in its planning and contributed to the broth of ideas in which the book took form. As a result of our local division of labor in the latter stages, and Harold Guetzkow's absence at the Center for Advanced Study in the Behavioral Sciences during the academic year 1956–1957, the remaining two of us wrote the manuscript and made the decisions about its final content. We think it only fitting, however, that, by placing his name on the title page as a collaborator, we make Harold Guetzkow take a share of the praise and blame for the final product.

Anyone familiar with research in the Graduate School of Industrial Administration at Carnegie Tech will know that there are other persons who, though they have not been formal participants in the project, should be coopted into partnership with the authors. In particular, we owe a more than ordinary debt to Richard M. Cyert and to

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Mrs. Evelyn L. Adams typed the manuscript and performed a variety of other tasks connected with the book that are both too diverse and too numerous to be enumerated here.

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zational behavior and for making that knowledge useful to the conduct of human affairs. We are also grateful to the Graduate School of Industrial Administration for providing the kind of intellectual and organizational environment in which theory and research can thrive.

Contents

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Organizational Behavior

THIS BOOK IS ABOUT THE THEORY of formal organizations. It is easier, and probably more useful, to give examples of formal organizations than to define the term. The United States Steel Corporation is a formal organization; so is the Red Cross, the corner grocery store, the New York State Highway Department. The latter organization is, of course, part of a larger one—the New York State government. But for present purposes we need not trouble ourselves about the precise boundaries to be drawn around an organization or the exact distinction between an "organization" and a "nonorganization." We are dealing with empirical phenomena, and the world has an uncomfortable way of not permitting itself to be fitted into clean classifications.

Authors are often convinced that the particular subjects with which they are dealing are more significant than the world has acknowledged. We cheerfully make this claim for organization theory. However much organizations occupy the thoughts of practicing executives and administrators, and however many books for these practitioners have been written about them, the theory of organizations occupies an insignificant place in modern social science. Most current psychology

and sociology textbooks do not devote even a short chapter to the subject of formal organizations. The *Handbook of Social Psychology* (Lindzey, 1954) contains chapters on small groups, mass media, "industrial social psychology" (with only passing references to organizations), leadership, and voting behavior. There is no comparable chapter on formal organizations, and only scattered reference to them throughout the text.

One possible reason why formal organizations play such an unobtrusive part in the literature of modern social science is that they are not very important. We will indicate in the next paragraphs why we think this is not a good reason. A second possible reason is that there are few propositions about organizations that cannot be subsumed under other social science topics. This claim can be more accurately evaluated at the end of this book than at the beginning. A third possible reason is that very little has been written because very little is known. As we proceed with our examination of the literature we will see that this is not far from the truth.

1.1 The Significance of Organizations as Social Institutions

But why are organizations important? A superficial answer is that organizations are important because people spend so much of their time in them. The working force—that is to say, the bulk of the adult population—spends more than a third of its waking hours in the organizations by which it is employed. The life of the child takes place to almost an equal extent in the environment of the school organization; and an uncountable host of other organizations, mostly voluntary, account for a large chunk of the leisure time of child and adult alike. In our society, preschool children and nonworking housewives are the only large groups of persons whose behavior is not substantially "organizational."

The ubiquitousness of organizations is not their sole or principal claim for attention. As social scientists we are interested in explaining human behavior. Taking the viewpoint of the social psychologist, we are interested in what influences impinge upon the individual human being from his environment and how he responds to these influences. For most people formal organizations represent a major part of the environment. Moreover, we would expect organizations to have an even more significant effect upon behavior than is suggested merely by looking at the time budget as we have done above. If we wished to sum up in a single quality the distinctive characteristics of

influence processes in organizations, as contrasted with many other influence processes of our society, we would point to the *specificity* of the former as contrasted with the *diffuseness* of the latter.

A concrete example will help to point up the contrast we have in mind. Compare rumor transmission with the transmission of a customer order through a manufacturing company. Rumor transmission is truly a process of diffusion. Seldom does a rumor move outward along a single channel; indeed, in most cases it would soon die if it did not spread out broadly from its original source. The customer order, on the other hand, is transmitted along definite channels, and usually relatively few of them, to specific destinations. We do not wish to imply that there is *no* selectivity in the transmission of rumors, or *no* uncertainty in the destination of formal organizational communications. There certainly is a great deal of both. But the difference in degree in the specificity of channels between the two cases is striking.

Not only are organizational communications characteristically specific with respect to the channels they follow, but they also exhibit a high degree of specificity with respect to content. Here there is a strong contrast between organizational communications and communications through mass media. The audiences to whom newspapers and radio address themselves possess no common technical vocabulary; there is no subject about which they have any shared special knowledge; there is no good way of predicting what they will be thinking about when the mass communication reaches them. In principle at least, the recipient of an organizational communication is at the opposite pole. A great deal is known about his special abilities and characteristics. This knowledge is gained from considerable past experience with him and from a detailed knowledge of the work environment in which he operates.

When a mass medium exerts influence or attempts to give instruction, its messages are usually of the simplest variety—"go to your corner druggist now, and . . . "—and its appeals are to widely shared motivations. Organizational instructions, on the contrary, frequently contain great detail; often motivation can be assumed. Not only can organization communication be detailed, but it can be cryptic, relying on a highly developed and precise common technical language understood by both sender and recipient. Again we do not wish to imply any contrast of black and white, which would clearly be contrary to fact, but only to point to characteristic differences of degree that are large in magnitude and highly significant.

The great specificity that characterizes communications in organizations can be described in a slightly different way, using the sociologi-

cal concept of *role*. Roles in organizations, as contrasted with many of the other roles that individuals fill, tend to be highly elaborated, relatively stable, and defined to a considerable extent in explicit and even written terms. Not only is the role defined for the individual who occupies it, but it is known in considerable detail to others in the organization who have occasion to deal with him. Hence, the environment of other persons that surrounds each member of an organization tends to become a highly stable and predictable one. It is this predictability, together with certain related structural features of organization to be discussed presently, that accounts for the ability of organizations to deal in a coordinated way with their environments.

The high degree of coordination of organization behavior can be illustrated by comparing coordination in organizations with the coordination that takes place in economic markets. To be sure, markets often exhibit considerable stability and predictability. A seller can bring his goods into the market with a fair notion of the total quantity that will be supplied and the prices at which goods will be exchanged. But he does not know in advance who specifically will be the buyer of his wares or at what precise price. Transactions that take place within organizations, far more than in markets, are preplanned and precoordinated. The automobile engine division knows exactly how many engine blocks to put into production—not because it has made a forecast of the market, but because its production plan has been coordinated with the plans for producing completed automobiles in other departments of the company.

A biological analogy is apt here, if we do not take it literally or too seriously. Organizations are assemblages of interacting human beings and they are the largest assemblages in our society that have anything resembling a central coordinative system. Let us grant that these coordinative systems are not developed nearly to the extent of the central nervous system in higher biological organisms—that organizations are more earthworm than ape. Nevertheless, the high specificity of structure and coordination within organizations—as contrasted with the diffuse and variable relations *among* organizations and among unorganized individuals—marks off the individual organization as a sociological unit comparable in significance to the individual organism in biology.

1.2 The Literature of Organization Theory

In this book we shall review in a systematic way some of the important things that have been said about organizations by those who

have studied them and written about them. We have already observed that the effort devoted by social scientists to understanding organizations has not been large. Nevertheless, organizations impinge on so many aspects of our society that pieces, bits, and snatches of organization theory and empirical data can be assembled from a wide range of sources. (1) Many executives and administrators have recorded their organizational experiences in biographical or systematic form in books and articles. (2) The scientific management movement has been concerned with organization theory, and almost every standard textbook in management devotes a chapter or two to a statement of principles of good organization. (3) Some sociologists, most of them influenced by Max Weber's analysis of "bureaucracy," have theorized about organizations and carried out some systematic observations. (4) Social psychologists have shown particular interest in two aspects of organization behavior: in leadership and supervision on the one hand, and in morale and employee attitudes on the other. More recently, they have undertaken some studies of the effects of communication patterns upon organizational behavior. (5) Political scientists have been concerned with problems quite parallel to those of the scientific management group—the efficient operation of governmental organizations—and also with the problem of securing external (democratic) control over governmental administration. (6) Economists have theorized about the business firm as a building block for their broader concern with the operation of markets and the pricing and allocative mechanisms in the economy. Moreover, organizational considerations have played an important, if unsystematic, role in the debate over planning versus *laissez faire*.

Any attempt to bring together this scattered and diverse body of writing about organizations into a coherent whole must surmount two serious problems. The literature leaves one with the impression that after all not a great deal has been said about organizations, but it has been said over and over in a variety of languages. Consequently, we require a serious effort toward the construction of a common language.

The second problem is that there is in the literature a great disparity between hypotheses and evidence. Much of what we know or believe about organizations is distilled from common sense and from the practical experience of executives. The great bulk of this wisdom and lore has never been subjected to the rigorous scrutiny of scientific method. The literature contains many assertions, but little evidence to determine—by the usual scientific standards of public testability and reproducibility—whether these assertions really hold up in the world of fact.

In this book we will review and examine what evidence exists, but it is not our purpose to provide new evidence. In two ways, however, we will try to take steps toward the empirical testing of current theories of organizations: We will restate some existing hypotheses in a form that makes them amenable to testing, giving considerable attention to the operational definition of variables; and in a number of instances we will indicate what kinds of tests are relevant and practicable.

1.3 Organization of This Book

In organizing our material, we wished to impose order without imposing a parochial point of view stemming from a particular or special conception of organization theory. We have tried to steer a middle course between eclecticism and provincialism. We shall let the reader judge how far we have succeeded.

Propositions about organizations are statements about human behavior, and imbedded in every such proposition, explicitly or implicitly, is a set of assumptions as to what properties of human beings have to be taken into account to explain their behavior in organizations. Propositions about organizational behavior can be grouped in three broad classes, on the basis of their assumptions:

1. Propositions assuming that organization members, and particularly employees, are primarily *passive instruments,* capable of performing work and accepting directions, but not initiating action or exerting influence in any significant way.
2. Propositions assuming that members bring to their organizations *attitudes, values,* and *goals;* that they have to be motivated or induced to participate in the system of organization behavior; that there is incomplete parallelism between their personal goals and organization goals; and that actual or potential goal conflicts make power phenomena, attitudes, and morale centrally important in the explanation of organizational behavior.
3. Propositions assuming that organization members are *decision makers and problem solvers,* and that perception and thought processes are central to the explanation of behavior in organizations.

There is nothing contradictory among these three sets of assumptions. Human beings are all of these things, and perhaps more. An adequate theory of human behavior in organizations will have to take account of the instrumental aspects of human behavior, of the motivational and attitudinal, and of the rational. Nor has any consider-

able body of writing about organizations single-mindedly and consistently adopted one of these viewpoints. Nevertheless, as we review the literature, the differences in emphasis are quite evident. Because theorizing involves abstracting, the theorists of organization have focussed their attention on the particular, partial aspects of the human organism that seem to them particularly significant for their purposes. Thus, the model of the employee as instrument is prominent in the writings of the scientific management movement. In the last several decades the second model, emphasizing attitudes and motivations, has gained the greater prominence in research on bureaucracy, human relations, leadership and supervision, and power phenomena. The third model, emphasizing the rational and intellective aspects of organizational behavior, has been less extensively used than the other two, but is represented particularly by the work of economists and others on the planning process, and by the work of psychologists on organizational communication and problem-solving.

We shall use these three models, then, as our primary basis for sorting out propositions and organizing existing knowledge. The next chapter, Chapter 2, deals with the employee as instrument, as he appears in the scientific management literature. The three following chapters, 3, 4, and 5, deal with propositions that rest primarily on the second model; Chapters 6 and 7 are concerned primarily with the decision-making and problem-solving aspects of organizational behavior.

1.4 Some Types of Propositions

The central core of this book is a series of propositions about organizations. We have tried, as far as possible, to use standard formats in stating these propositions—even at the expense, occasionally, of style. We could not use a single format, because the propositions are of several different kinds, which we can illustrate with a few examples:

1. Propositions stating the dependence of one variable on one or more other (independent) variables. These propositions are of the familiar "y is a function of x" form, where the term "function" is used in its mathematical sense. There are two species of this general kind of proposition:

(a) Propositions with variables capable of assuming a range of values. Example: "The lower the satisfaction of the organism, the greater the amount of search it will undertake." The dependent vari-