

FOURTH EDITION

Organizations

STRUCTURES,
PROCESSES, &
OUTCOMES

RICHARD H. HALL

ORGANIZATIONS

Structures, Processes, and Outcomes

fourth edition

RICHARD H. HALL

State University of New York—Albany

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Preface

This is the third revision of a book originally published in 1972. The most evident change is reflected in the title, where *outcomes* has been added. This slight change in title is designed to emphasize the *sociological* roots of the book. I have strong hopes that the book will continue to be used and cited in all fields in which organizations are studied. At the same time, I also strongly believe that the field of sociology has important contributions for our study of organizations. The field of organizations, of course, does not have disciplinary boundaries. The references used throughout the book reflect contributions from economics, psychology, political science, industrial relations, management, and other fields where organizations have been the subject of research.

The first chapter deals explicitly with outcomes of organizations for individuals, categories or classes of individuals, communities and societies. This chapter contains contributions from historical and contemporary examinations of organizations, social inequality, and political sociology. Outcomes are then considered in the balance of the book, from the basic definition of organizations through considerations of organizational effectiveness and organizational theory.

I have attempted to retain the strong macro or structural orientation that characterized the first three editions and have updated references to reflect this tradition. The chapters on organizational processes, particularly that on organizational change, have been strengthened by recent theoretical and empirical investigations.

The strong emphasis on the environment of organizations has been

retained. In addition to considerations of the environments of organizations in terms of how they are affected by organizations, there are separate chapters on interorganizational relationships and the environment itself. The chapter on organizational effectiveness retains its emphasis on the contradictory nature of the effectiveness concept.

The theoretical stance of the book is intentionally eclectic. I have grown to appreciate the utility and, indeed, the need to use a variety of theoretical perspectives. There is a much greater use of the institutional and Marxian perspectives on organizations where the insights of these perspectives appear to make real contributions. In the final chapter on theory and throughout the book, alternative theoretical perspectives are used and critically evaluated.

My intellectual debts are reflected in the references cited. The distribution of names is a clear indication of the persons whose work I have respected, both in the past and in the present edition.

In the production of this book I would like to thank Linda Devernoe for keying this edition onto discs; her care and accuracy were a great help. Joan Cipperly, Debbie Neuls, and Eileen Pellegrino of the Department of Sociology at SUNY-Albany also gave me a lot of assistance. My colleagues in that department continue to provide a congenial and stimulating place to work. Jon S. Kerner of the College of William and Mary and Virginia L. McKeefry-Reynolds of Northern Illinois University reviewed the manuscript. Bill Webber, Kathleen Dorman, Barbara Christenberry, and Marjorie Borden of Prentice-Hall, Inc., were very supportive throughout the project. Finally, I want to thank Sherry and Tom and Julie for their continuing love and support.

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ONE

The Outcomes of Organizations

WHY STUDY ORGANIZATIONS?

There are two answers to this question. The first answer is obvious. Organizations surround us; we are born in them and usually die in them; the space in between is filled with them. They are just about impossible to escape. They are inevitable.

A simple exercise will illustrate the pervasiveness of organizations in our lives: Simply think of all the activities that you engage in during the day. Which, if any, are not influenced by an organization in one way or another? If you are reading this book by yourself, it may seem to be an individual matter; but the book was prepared and published by an organization, and the fact that you are reading it probably is based on some kind of organizational demand. Our tastes in food and drink (and the amounts we consume) are shaped by marketing organizations. The products we come in contact with—such as automobiles, desks, and so on—were made in organizational settings. The services we rely upon—such as police, banking, or insurance—are organizational. We work in organizations. Our leisure activities typically take place in some sort of organizational setting. Almost every story in every newspaper describes the activities of an organization—General Motors, the FBI, the Chicago Cubs—or the reactions of organizations to acts of individuals, such as the fire department to an arsonist or a hospital to a heart transplant patient. The newspaper itself is an organization, of course.

The great social transformations in history essentially have been organizationally based. The Roman Empire, the spread of Christianity, the growth and development of capitalism and socialism, and our current move into a postindustrial era have been and are accomplished through organizations. Toxic waste disposal, nuclear energy, terrorism, unemployment, abortion, and all the issues facing contemporary society cannot be understood without a consideration and understanding of their organizational contexts.

These simple examples were intended to suggest that the analysis of organizations is not trivial; it also is not just an academic exercise. Organizations are continually analyzed from a variety of perspectives. The stock market is an ongoing organizational analysis. Investors constantly assess how business firms are doing and buy and sell stocks accordingly. As in other forms of organizational analyses, this is not an exact science. If we have the opportunity to choose between potential employers, we are making an organizational analysis; we are attempting to decide which would be a better place to work. When we vote for the President of the United States in an election, it is an assessment of an organization to a surprising extent. There is a large organization which has handled the campaign, and we estimate what kind of organization the individual will bring to the office.

Organizational analysis also occurs at other levels. Organizational management has the job of assessing the state of the organization. Labor unions, themselves organizations, analyze the operations of the companies with which they have contracts. As customers or clients, we assess the quality of stores and their merchandise. When I buy a pair of skis, I want to be sure that the manufacturer has a reputation for quality and is likely to stay in business; I also want to know that the ski shop can handle any problems that may arise. More serious individual concern comes when we select an organization like a hospital.

Hart and Scott (1975, p. 261) have noted that whatever is good for humanity can only be achieved through modern organizations. The reverse is also true, since it is organizations that discriminate, pollute, and wage wars. This brings us to the second answer to the question posed at the beginning of this chapter: *Organizations have outcomes*. In this initial chapter we will analyze the outcomes of organizations for individuals, for categories of individuals, for communities, and for society. The analyses throughout the book are based on research on organizations and interpretations of that research. They also are based on theoretical analyses that have developed over the years.

ORGANIZATIONS AND THE INDIVIDUAL

The work of individuals is carried out in organizations. Table 1-1 shows the occupations of employed persons in the United States in 1980 and 1970. It can be seen that both farm work and private household work comprise very small proportions of the total labor force. The other occupations are organizational occupations, even that of professional workers who are

overwhelmingly organizational employees (Hall, 1986). Another way of demonstrating this point is shown in Table 1–2. Here the industry and class of worker is displayed. The industrial sectors in which employment is concentrated are composed of organizations. The same is true when class of worker is considered. both private and public employment is organizational employment.

These social patterns can be approached in another way. Danet (1981, p. 382) reports that, increasingly, goods and services once supplied by solo practitioners or small organizations are now being delivered by large organizations, which are often branches of still larger organizations. While there is a definite tendency for work to be carried out in large organizations, Granovetter (1984) cautions that a focus exclusively on large organizations would be a mistake, since approximately 60 percent of the labor force in the private sector is employed in firms of fewer than 1000 employees. Granovetter's data indicate that in the wholesale, retail, and service industries, small size is particularly evident. Nonetheless, there is a strong tendency for organizations to become larger and larger through growth or merger.

The fate of the individual in the organization is a hotly debated issue. Several recent analyses have examined how individuals react to their lives as employees of organizations (Terkel, 1974; Rosow, 1974; Aronowitz, 1973; *Work in America*, 1973; Hall, 1986). These analyses agree that work that is highly routinized, repetitive, and dull is highly alienating for the individual. Whether or not organizational managers seek to routinize work in order to control workers is a major and ongoing debate which will be considered further in the chapter on power. There is no evidence, of course, that work in preorganizational societies was *not* alienating. Subsistence farming or hunting and gathering is hardly enlightening. Romanticized imageries of the preorganizational system forget that people starved and froze to death. Early industrialization—with its exceedingly low pay, child labor, and absence of worker protection—also was alienating, but in a truer Marxian sense than the social-psychological alienation felt by today's worker in a routine job.

The studies of individual reactions to work also reveal that work that provides challenge, potential for advancement, and the use of creative or expressive capabilities is enjoyable and even enlightening. The ways in which people react to their work results from their own expectations and the characteristics of the organization (Lorsch and Morse, 1974). Although organizational characteristics will be discussed at length later, at this point it should be noted that there are limits to the variation possible in organizational characteristics—given the constraints of size, the technology employed, the market conditions, and other environmental factors. Organizations cannot change simply to be more pleasant places in which to work.

There is another side to working in organizations. In an important study, Kohn (1971) found small but consistent tendencies for people who work in more bureaucratized organizations to be more intellectually flexible, more open to new experiences, and more self-directed than those working in nonbureaucratized settings. Kohn and Schooler (1978; 1982)

TABLE 1-1(a) Occupation of Employed Persons by Race and Sex in the United States: 1980

	Total	White	Black	PERCENT		
				Total	White	Black
Employed persons 16 years and over	97,639,355	84,027,375	9,334,048	100.0	100.0	00.0
<i>Managerial and professional specialty occupations</i>	22,151,648	20,067,464	1,317,080	22.7	23.9	14.1
Executive, administrative, and managerial occupations	10,133,551	9,336,266	487,432	10.4	11.1	5.2
Professional specialty occupations	12,018,097	10,731,198	829,648	12.3	12.8	8.9
<i>Technical, sales, and administrative support occupations</i>	29,593,506	26,150,562	2,352,079	30.3	31.1	25.2
Technicians and related support occupations	2,981,951	2,590,639	247,834	3.1	3.1	2.7
Sales occupations	9,760,157	8,998,463	468,364	10.0	10.7	5.0
Administrative support occupations, including clerical	16,851,398	14,561,460	1,635,881	17.3	17.3	17.5
<i>Service occupations</i>	12,629,425	9,765,973	2,156,194	12.9	11.6	23.1
Private household occupations	589,352	312,472	241,717	0.6	0.4	2.6
Protective service occupations	1,475,315	1,253,799	176,304	1.5	1.5	1.9
Service occupations, except protective and household	10,564,758	8,199,702	1,738,173	10.8	9.8	18.6
<i>Farming, forestry, and fishing occupations</i>	2,811,258	2,437,307	182,190	2.9	2.9	2.0
<i>Precision production, craft, and repair occupations</i>	12,594,175	11,249,214	834,947	12.9	13.4	8.9
<i>Operators, fabricators, and laborers</i>	17,859,343	14,356,855	1,491,558	18.3	17.1	26.7
Machine operators, assemblers, and inspectors	9,084,988	7,242,863	1,256,932	9.3	8.6	13.5
Transportation and material-moving occupations	4,389,412	3,665,245	563,210	4.5	4.4	6.0
Handlers, equipment, cleaners, helpers, and laborers	4,384,943	3,448,747	671,416	4.5	4.1	7.2

Employed Females 16 years and over

<i>Managerial and professional specialty occupations</i>	41,634,665	35,183,388	4,659,177	100.0	100.0	100.0
Executive, administrative, and managerial occupations	8,954,843	7,876,425	770,809	21.5	22.4	16.5
Professional specialty occupations	3,070,247	2,746,156	219,108	7.4	7.8	4.7
<i>Technical, sales, and administrative support occupations</i>	5,884,596	5,130,269	551,701	14.1	14.6	11.8
Technicians and related support occupations	18,971,458	16,646,739	1,639,737	45.6	47.3	35.2
Sales occupations	1,302,889	1,089,273	155,450	3.1	3.1	3.3
Administrative support occupations, including clerical	4,671,493	4,231,750	283,771	11.2	12.0	6.1
Service occupations	12,997,076	11,325,716	1,200,516	31.2	32.2	25.8
Private household occupations	7,451,845	5,725,271	1,363,664	17.9	16.3	29.3
Protective service occupations	562,886	297,021	233,024	1.4	0.8	5.0
Service occupations, except protective and household	168,861	132,677	30,648	0.4	0.4	0.7
<i>Farming, forestry, and fishing occupations</i>	6,720,098	5,295,573	1,099,992	16.1	15.1	23.6
<i>Precision production, craft, and repair occupations</i>	404,269	347,744	25,368	1.0	1.0	0.5
<i>Operators, fabricators, and laborers</i>	977,950	802,126	108,755	2.3	2.3	2.3
Machine operators, assemblers, and inspectors	4,874,300	3,785,083	750,844	11.7	10.8	16.1
Transportation and material-moving occupations	3,646,237	2,803,586	571,893	8.8	8.0	12.3
Handlers, equipment, cleaners, helpers, and laborers	347,880	293,092	44,147	0.8	0.8	0.9
	880,183	688,405	134,804	2.1	2.0	2.9

Source: 1980 Census of Population; Vol. 1: Characteristics of the Population, Chapter C: General Social and Economic Characteristics (Washington, DC: U.S. Department of Commerce, U.S. Government Printing Office), p. 45.

TABLE 1-1(b) Occupation of Employed Persons by Race and Sex in the United States: 1970

	PERCENT					
	Total	White	Black	Total	White	Black
Employed persons 16 years and over						
<i>Managerial and professional specialty occupations</i>	76,553,161	68,282,104	7,361,105	100.0	100.0	100.0
Executive, administrative, and managerial occupations	14,529,543	13,670,182	672,796	19.0	20.0	9.1
Professional specialty occupations	5,882,313	5,649,388	173,701	7.7	8.3	2.4
<i>Technical, sales, and administrative support occupations</i>	8,647,230	8,020,794	499,095	11.3	11.7	6.8
Technicians and related support occupations	22,346,736	20,768,058	1,340,100	29.2	30.4	18.2
Sales occupations	1,776,529	1,618,801	128,997	2.3	2.4	1.8
Administrative support occupations, including clerical	7,770,844	7,442,011	262,101	10.2	10.9	3.6
<i>Service occupations</i>	12,799,363	11,707,246	949,002	16.7	17.1	12.9
Private household occupations	9,707,741	7,503,289	2,043,573	12.7	11.0	27.8
Protective service occupations	1,151,937	526,155	609,574	1.5	0.8	8.3
Service occupations, except protective and household	1,036,869	944,545	79,779	1.4	1.4	1.1
<i>Farming, forestry, and fishing occupations</i>	7,518,935	6,032,589	1,354,220	9.8	8.8	18.4
<i>Precision production, craft, and repair occupations</i>	2,906,172	2,544,096	309,859	3.8	3.7	4.2
<i>Operators, fabricators, and laborers</i>	10,800,039	9,985,635	710,263	14.1	14.6	9.6
Machine operators, assemblers, and inspectors	16,262,930	13,810,844	2,284,514	21.2	20.2	31.0
Transportation and material-moving occupations	8,376,549	7,220,826	1,067,860	10.9	10.6	14.5
Handlers, equipment, cleaners, helpers, and laborers	3,738,884	3,223,141	486,088	4.9	4.7	6.6
	4,147,497	3,366,877	730,566	5.4	4.9	9.9

Employed Females 16 years and over

Managerial and professional specialty occupations

Executive, administrative, and managerial occupations

Professional specialty occupations

Technical, sales, and administrative support occupations

Technicians and related support occupations

Sales occupations

Administrative support occupations, including clerical

Service occupations

Private household occupations

Protective service occupations

Service occupations, except protective and household

Farming, forestry, and fishing occupations

Precision production, craft, and repair occupations

Operators, fabricators, and laborers

Machine operators, assemblers, and inspectors

Transportation and material-moving occupations

Handlers, equipment, cleaners, helpers, and laborers

28,929,776	25,252,676	3,309,069	100.0	100.0	100.0
4,904,666	4,459,637	379,862	17.0	17.7	11.5
1,077,753	1,077,875	55,592	3.7	4.0	1.7
3,826,913	3,451,762	324,270	13.2	13.7	9.8
13,116,176	12,110,736	862,529	45.3	48.0	26.1
611,246	517,740	83,934	2.1	2.1	2.5
3,154,074	2,978,801	144,387	10.9	11.8	4.4
9,350,856	8,614,195	634,208	32.3	34.1	19.2
5,783,653	4,312,271	1,386,774	20.0	17.1	41.9
1,109,855	504,589	590,547	3.9	2.0	17.8
67,300	57,079	9,135	0.2	0.2	0.3
4,606,498	3,750,603	787,092	15.9	14.9	23.8
254,171	203,610	43,582	0.9	0.8	1.3
764,525	673,005	80,799	2.6	2.7	2.4
4,106,585	3,493,417	555,523	14.2	13.8	16.8
3,237,399	2,756,454	433,926	11.2	10.9	13.1
155,415	137,832	16,543	0.5	0.5	0.5
713,771	599,131	105,054	2.5	2.4	3.2

Source: 1980 Census of Population; Vol. 1: Characteristics of the Population, Chapter C: General Social and Economic Characteristics (Washington,DC: U.S. Department of Commerce, U.S. Government Printing Office), p. 45.

TABLE 1-2(a) Industry and Class of Worker of Employed Persons by Race and Sex in the United States: 1980

INDUSTRY	PERCENT					
	Total	White	Black	Total	White	Black
Employed persons 16 years and over						
Agriculture, forestry, and fisheries	97,639,355	84,027,375	9,334,048	100.0	100.0	100.0
Mining	2,913,589	2,554,976	161,065	3.0	3.0	1.7
Construction	1,028,178	948,911	42,929	1.1	1.1	0.5
Manufacturing	5,739,598	5,105,836	403,992	5.9	6.1	4.3
Nondurable goods	21,914,754	18,705,053	2,163,603	22.4	22.3	23.2
Durable goods	8,435,543	7,063,668	940,224	8.6	8.4	10.1
Transportation, communications, and other public utilities	13,479,211	11,641,385	1,223,379	13.8	13.9	13.1
Wholesale and retail trade	7,087,455	6,003,704	827,283	7.3	7.1	8.9
Wholesale trade	19,933,926	17,788,047	1,295,626	20.4	21.2	13.9
Retail trade	4,217,232	3,796,001	259,997	4.3	4.5	2.8
Finance, insurance, and real estate	15,716,694	13,992,046	1,035,629	16.1	16.7	11.1
Business and repair services	5,898,059	5,231,499	449,853	6.0	6.2	4.8
Personal services	4,081,677	3,564,988	340,054	4.2	4.2	3.6
Entertainment and recreation services	3,075,764	2,312,315	571,224	3.2	2.8	6.1
Professional and related services	1,007,070	889,144	76,419	1.0	1.1	0.8
Public administration	19,811,819	16,719,601	2,300,399	20.3	19.9	24.6
	5,147,466	4,203,301	702,501	5.3	5.0	7.5
Employed females 16 years and over						
Agriculture, forestry, and fisheries	41,634,665	35,183,388	4,659,177	100.0	100.0	100.0
Mining	522,050	456,765	29,342	1.3	1.3	0.6
Construction	124,173	110,782	8,536	0.3	0.3	0.2
Manufacturing	479,766	438,746	26,234	1.2	1.2	0.6
Nondurable goods	6,995,805	5,781,947	810,178	16.8	16.4	17.4
Durable goods	3,493,250	2,839,365	437,426	8.4	8.1	9.4
Transportation, communications, and other public utilities	3,502,555	2,942,582	372,752	8.4	8.4	8.0
	1,752,965	1,446,084	239,996	4.2	4.1	5.2