

*Macro theories of organizations generally rely on the concept of the goal as the mechanism that gives direction and achieves solidarity of organizational action. In recent years, research and theory building has begun to recognize the importance of such concepts as resource dependence, power, and conflict and to incorporate them into open systems models of organizations. While these open systems models do allow for change in organizational direction, they generally hold to the contention that environmental influence on organizational direction is achieved through a goal-setting process. Likewise, the concepts of power and conflict are incorporated into a goal model. An alternative model, termed the political model, is presented that allows for system openness at all levels of an organization and does not rely on the concept of the goal in explaining direction or solidarity. Points of conflict between the goal model and the political are discussed along with some of the implications of adopting a political perspective in studying organizational behavior.*

## **AN ANALYSIS OF MACRO MODELS OF ORGANIZATIONS** *The Goal and Political Models*

**RICHARD W. SCHOLL**  
*University of Rhode Island*

**Major fields of intellectual endeavor** are generally built upon some fundamental paradigms or background assumptions (Gouldner, 1970; Kuhn, 1962), which guide theoretical development and interpretation of empirical evidence in these fields.

---

**AUTHOR'S NOTE:** *I would like to thank Penny L. Wright and Nancy Mitry as well as an anonymous reviewer from A & S for their helpful comments on earlier drafts of this paper.*

ADMINISTRATION & SOCIETY, Vol. 13 No. 3, November 1981 271-298  
© 1981 Sage Publications, Inc.

This is true of organizational theory in that we find one of the most consistent features of organizational models and definitions is the concept of the organizational goal. Thus, the fact that organizational behavior is directed by the mechanism of the goal has been a relatively unquestioned notion. Common usage of the goal generally refers to the direction toward which an organization channels its resources and activities. Consequently, if a university gives release time for research, one of its goals is to do research. Likewise, if a business concern devotes funds for the development and training of the handicapped worker, one of its goals is helping the handicapped. While the goal is useful in labelling a particular direction of activity, one must question its utility as an analytical tool in explaining how that direction was established. Under current usage the goal is not only a label for the ends of an activity but the force directing that activity as well. The assumption is made that any change in direction is brought about through a change in organizational goals. This may be a gross oversimplification of the process whereby organizational direction is determined.

Specifically, one finds three recurrent themes in the organizational literature related to the function of the organizational goal. The first is that the goal is the major force directing activity within an organization. Decisions are made, policies formulated, and structures designed to facilitate the accomplishment of the organizational goals. The second is that an organization is a system of consensus; that is, although there may be some initial conflict regarding goals, this conflict must be resolved and consensus must exist before action is initiated. Consequently, the organizational goal becomes the major integrating force of the organization. The third theme one finds in the literature is that the organizational goal is the ultimate measure of organizational effectiveness.

While organizational theory has undergone some dramatic shifts in perspective over the last two decades, the concept of the organizational goal, and its accompanying underlying assumptions, has remained a dominant concept in the field.

The first of these shifts in perspective was a change from a closed system to an open systems perspective (Katz and Kahn, 1966; Thompson, 1967), which began to take into account factors external to the organization in explanations of organizational direction. Additionally, the influence of the organization's environment on its structure came under investigation (Burns and Stalker, 1961; Lawrence and Lorsch, 1967). Another shift came about with the introduction of such concepts as power, dependence, coalition formation, and conflict. In developing these concepts a number of inconsistencies in the goal model began to develop. A number of theorists attempted to make modifications in goal models to incorporate these new concepts (Etzioni, 1964; Perrow, 1961; Steers, 1975), while others began to question the basic legitimacy of the goal concept as a unifying framework for organizational theory (Georgiou, 1973; Weick, 1969; White, 1974). Incorporation of open systems and power concepts into goal models has taken a number of forms, but the basic theme found in this literature is that one can differentiate political from nonpolitical behavior and that the environment influences direction by its impact on goals. For example, Mayes and Allen (1977) define organizational politics as influence attempts to attain ends not sanctioned by the organization. This clearly implies that organizations do have clearly defined ends or goals which can be used to differentiate political from nonpolitical behavior. Furthermore, it does not allow for influence attempts to change the direction of the organization, that is, change the sanctioned ends. There are others who have taken a more macro view and argued that goals are the result of a political bargaining process (Cyert and March, 1963; Duncan, 1976; March, 1962), which once again recognizes the importance of power and environmental influence, but assumes that there are goals to be bargained over and that these goals in some way affect organizational behavior. While these attempts at assimilating environmental and power concepts into a goal model have been instrumental in theoretical advancement, they should be viewed as a transformation

phase between goal models and the development of political models of organizations. The remainder of this article will discuss the fundamental difference between goal models and political models and attempt to show that political models are more useful in explaining concepts of organizational direction and decision making, organizational environments, structural development, and organizational effectiveness.

### ORGANIZATIONAL DIRECTION AND DECISION MAKING

One of the major analytical questions asked by organizational theorists has been what mechanisms act to direct organizational activities? Why does one university devote its resources toward research, another toward teaching, and a third toward a mixture of the two? Likewise, why are some mental health institutions directed toward rehabilitation while others direct their efforts and resources toward custodial care? A simple answer would be that these goals are formed, possibly through some bargaining process, for these organizations, assuming that at any particular point in time there exists some consensus regarding these goals. Thompson (1967) introduces the term *domain* to define direction. The organization's domain is its range of products, population served, and services rendered. The question at hand is whether a goal-setting process explanation adequately explains the choice of alternative domains. Once set, how do these goals affect organizational behavior? For the purposes of this analysis, organizational behavior will be thought of as a series of decisions. Using this framework, for the organizational goal to be a factor directing organizational behavior it must be the criteria or standard of desirability (Thompson and Tuden, 1959) used in choosing among alternative courses of action. Specifically, one must ask, are alternative behavior patterns selected on the basis of their instrumentality in accomplishing agreed upon organizational goals?

How would a goal model handle this question? The basic argument developed in goal models is relatively simple. Official goals are set at the top of the organization's hierarchy and transferred down through the decision-making hierarchy through a process termed goal factoring (March and Simon, 1958), whereby the subunit goals are the means to accomplishing the organization's overall goals. This process is followed through until individual or task goals are derived. At each decision-making level within the organization the goals passed down through the hierarchy are used as the criteria for decisions at that level, thus goals are known and agreed upon. This strict interpretation of the goal model is hard to defend as it does not allow for environmental influence and is a rather static model of organizational behavior. Modifications to this model that allow for change and environmental influence have been offered through the concept of the real or operative goal (Etzioni, 1964; Perrow, 1961). The operative goals are those that the organization is actually pursuing and may be in conflict with official or stated goals. They are determined not by examination of the charter or official statements, but rather by careful analysis of the allocation of resources. Operative goals may be multiple in nature since the ends to which the organization's resources are allocated can be highly diverse. It soon became apparent that the list of operative goals became long for an organization with a high degree of complexity, so large that categories were needed to type these goals. Such typologies as organizational goals, individual goals, and society goals (Katz and Kahn, 1966); societal goals, output goals, system goals, product goals, and derived goals (Perrow, 1961); and output goals, adaptation goals, management goals, motivation goals, and positional goals (Gross, 1969) were presented.

Other modifications to the goal model allowed for external influence. There have been a number of attempts to develop a political model of organizations while maintaining a goal perspective (Cyert and March, 1963; Duncan, 1976; March,

1962; Wamsley and Zald, 1973). These models generally argue that goal setting is a political process whereby powerful claimants to the organization's resources have the most influence in setting goals. For example, Duncan, building on March's work, views operative goals as the result of a political bargaining process. He represents the demands placed on the organization by various claimants as vectors, with the direction of the vector representing the nature of the demand and its length representing the relative power of the claimant. The operative or compromised goal is represented by the resultant vector. Wamsley and Zald's political economy model likewise uses a political framework to explain environmental influences on public organizations. The relative power of various external agencies and interest groups is determined through an exchange process which ultimately determines the policy for which the public organization has prime responsibility.

In summary, a political-goal perspective holds that the organization's operative goals are determined by the demands of the most powerful claimants to the organization's resources. We could also add at this point that these claimants can be typed in accordance with a typology of claimants presented by Blau and Scott (1962), which includes owners, participants, public-in-contact, and public-at-large. Various interest groups from one of these segments make demands on the organization. Those forming powerful coalitions are able to influence the organizational goals in such a way as to satisfy their demands.

The operative goal model has intuitive appeal for a number of reasons. First, it allows for the establishment of multiple goals and recognizes that organizations do change direction or domain over time. Second, it recognizes the importance of the environment in determining direction. Third, it incorporates the concept of power, thus recognizing the fact that the choice of direction and the priority of various goals are functions of the power of various claimants rather than a matter of autonomous administrative choice. These advantages notwithstanding, there are a number of problems encountered in

this model. Although it allows for system openness to some degree, this openness occurs only at the goal-setting level. Once operative goals are set, they are assumed to function in the same manner as official goals, that is, they are factored down through the hierarchy. Thus operative goals are used by decision makers at each level of hierarchy to choose among alternative courses of action. A truly open systems perspective would acknowledge the potential of openness to occur at each decision-making level. Another problem is encountered when we examine the true nature of the goal. Implicit in the goal notion is the premise of motive and intent. The nature of one commonly accepted definition of the goal as, "a desired state of affairs which the organization attempts to realize" (Etzioni, 1964: 6), connotes motive and predetermination on the part of an actor or some coalition of actors. The fact that operative goals are determined through an examination of resource allocation is somewhat troublesome. The researcher is implicitly attributing the resource allocation decision to the operative goal. It thus is assumed that this goal was used as a criterion in making the decision. The strong possibility exists that the direction was not the result of the goal but rather the goal was assigned as a result of the direction taken. As Angyal states, "It is not the goal which defines direction, but on the contrary, the intrinsic pattern of direction which defines what object can become a goal" (1958: 55). At this point it is time to examine a more radical approach to explaining organizational direction that does not rely on goal consensus and allows for system openness at all decision-making levels. This approach will be identified as the political model.

While the operative goal approach incorporating the concepts of power and environmental influence has been an important step forward in theoretical development, one must question the basic assumption that this influence has affect only through goal formation. The first point one must recognize is that claimants place demands on decision makers at all levels of the organization. At each level constraints on the

decision-making process come from all directions including clients, suppliers, subordinates, peers, as well as from the hierarchical supervisor. In addition, the decision makers' values act as constraints on their decisions. This allows for total system openness. Allison (1969) clearly emphasizes this point in his discussion of the relevance of various organizational models in explaining and predicting governmental decision making. His bureaucratic politics model posits that governmental decisions are made through a political bargaining process rather than a rational (goal-oriented) one. His analysis clearly points out that environmental influence comes directly at the decision-making level rather than at the goal formation level.

In a political model no constraint is given priority *per se*. A goal approach would assume that it is the hierarchical constraint that is given preference in that it represents the organizational goal. It is this constraint that is maximized while other constraints are satisfied. Is the hierarchical constraint given preference? This argument is analogous to the prime beneficiary model of Blau and Scott (1962). They argue that the organization can be classified as the prime beneficiary, or claimant, the organization is set up to satisfy. The constraints established by the prime beneficiary would then be considered the organizational goals and are given preference in decision making. Evidence in support of this contention seems to be lacking, in that actual classification of organizations on this basis has been found to be troublesome (Burns, 1967; Hall et al., 1967). An explanation for this difficulty can be found in the premise that no one constraint is given preference *a priori*. Decision makers must satisfy the basic demands of each claimant. Simon's (1964) analogy to a linear programming model helps to clarify this point. The prime beneficiary argument is analogous to the objective function in linear programming, that is, for a prime beneficiary to exist, one must assume that other claimants present constraints and the claims of the prime beneficiary are maximized within these constraints.

As decision makers are faced with more constraints than can be satisfied, the number of alternative courses of action by which the objective function can be maximized is reduced to the point that the objective function becomes a simple constraint along with the others. The decision maker is then left with the problem of choosing which constraints to meet and which not to meet given limited resources and imagination.

A political model would suggest that the relative power of the claimant making the demand over the decision maker will determine whether the demand is satisfied. The potential arises that claimants other than the hierarchical supervisor may have more influence over the decision maker than the decision maker's supervisor, which leads to a condition Weick (1976) terms "loose coupling." At this point in the hierarchy, resources may be directed toward ends not even remotely related to organizational goals. Thus we find those claimants with the greatest relative power over the decision maker will be in the best position to have their preferred alternative adopted. Direction is then determined by the cumulative effect of such decisions. Goals become labels placed on this direction once an organization becomes committed to a particular direction.

This model provides for multiple decision-making criteria, many of which are not related in any way to organizational goals. In this case goals do not act as criteria for decisions but rather justification for them. Goals are chosen after the decision is made to rationalize the decision process (Weick, 1969). This is in line with Thompson's (1967) major assumption that organizations operate under what he terms "norms of rationality." Operating under such norms, decision makers must appear to be guided by objective universalistic criteria of a collective interest rather than self-interests. Goals of a collective nature are cited during the decision-making process to justify a preferred course of action. There are always enough possible goals to use for this purpose.

Empirical support for these propositions is found in the work of Pfeffer and Salancik (1974), Pettigrew (1973), and

Cyert et al. (1956) who report that information tends to be gathered and reported to justify alternative courses of action rather than to choose among them. Additional support can be found in detailed case descriptions of decision making and information gathering during the Vietnam era (Halberstam, 1969) and a detailed examination of a major land development company (Boschken, 1974).

In summary, the political model provides an explanation for organizational direction and decision making that does not rely on consensus of objectives or purposeful goal changes. There is no assumption that a decision maker has to agree with, or even has knowledge of, any particular goals. Additionally, one cannot assume that hierarchical constraints will be given priority unless those superiors placing the constraints have greater relative power over the decision maker than other claimants making demands. Using the above framework to integrate various models of environment, power, coordination, and effectiveness can be useful.

## ENVIRONMENT

With the open systems perspective came the knowledge that organizations operate within an environment that affects many of the administrative processes within the organization. Additionally we find that not all environments are the same and the type of environment an organization operated within affects such variables as structure. In order to develop adequately this line of inquiry, dimensions were developed to type organizational environments. The two most commonly cited dimensions of the environment are complexity and stability (Duncan, 1972; Lawrence and Lorsch, 1967; Thompson, 1967). Basically, complexity refers to the number of factors that must be considered in decision making; and stability is conceptualized as the degree to which these factors change over time. How does this concept of environment relate to a political model of

organizations? Is a political model more useful in analyzing the affect of this environment on organizational operations? Two issues will be discussed in dealing with these questions. The first involves the relative utility of conceptualizing environment as a variable associated with an organization as a whole or more specifically as a variable associated with individual decisions. The second issue relates to the process of determining how a decision maker determines what factors must be taken into consideration.

If we take the view that claimants to the organization's resources interact at top decision-making levels in bargaining for a compromised set of organizational goals, it is meaningful to examine the environment of an organization. The concept becomes a little cumbersome when we take the view that claimants interact directly with decision makers at all organizational levels. At this point it becomes more meaningful to examine the environment of a specific decision maker. More specifically, it would be a better representation to speak in terms of the environment of a particular decision, as all decisions made by a particular individual do not involve the same factors (Duncan, 1973).

In determining the environment for a particular decision, what factors must be considered? We find that while decision makers are faced with numerous demands placed by various claimants, they do not have to consider all of these demands. In other words, we must differentiate between demands and constraints, as all demands are not used as constraints in making decisions. Thus constraints would be those parameters the decision maker actually attempts to satisfy in the process. How are demands and constraints differentiated by the decision maker? Utilizing the political perspective we would predict that a decision maker would consider those demands placed by claimants with high relative power. Thus constraints are demands made by powerful claimants. The extent to which the hierarchical authority has power over the decision maker determines whether the hierarchical demand becomes a con-

straint. The greater the distribution of power among claimants, the more complex the environment of the particular decision becomes as there are more powerful claimants whose demands become constraints. Consequently, we can view the complexity of a decision environment in terms of the relative number of constraints that must be satisfied in arriving at a solution. Stability then refers to the degree to which these demands change over time.

What is the basis of this power and in whose terms should power be defined? Power in this sense will follow Weber's terminology as "the probability that an actor within a social relationship will be in a position to carry out his will despite resistance" (1947: 157). The basis of this power is rooted in exchange. While exchange explanations of organizational behavior are far from unique (cf. Levine and White, 1961; March and Simon, 1958), few have considered the concept of power an integral component of exchange models. Parties in an exchange relationship rarely have equal power in negotiating the terms of the exchange. Thus unbalanced power relationships allow one party to exert more control over the behaviors and decisions of the parties involved. Recognition of the fact that organizations are open systems that are to some degree dependent on claimants for resources or services leads us to view organizations as systems of interdependence. As Emerson (1962) notes, power is the inverse of dependence, that is, the more dependent one is on another, the more power the other has in the exchange relationship. This dependence has been conceptualized as consisting of two components, or characteristics, of one unit's function to another, essentiality and exclusiveness, by sociologists, social psychologists, and political scientists (Dubin, 1958; Emerson, 1962; Georgiou, 1973; Jacobs, 1974; Thompson, 1967). The fundamental argument in this literature is that a social unit's power over another increases as the essentiality, or importance, of the function it performs for the other increases. Power is also a function of the exclusiveness, or replacability, of the unit in

performing the function. Empirical support for this model can be found in the work of Hinings et al. (1974) who tested their strategic contingency model of power which bases power on the ability of a unit to handle crucial uncertainties. Uncertainties are created by dependence on claimants whose demands constantly change. Those with exclusive ability to handle these troublesome dependencies develop power within the organization.

In relating the above concept of power to the decision maker's environment we find that the environment of the decision is "enacted" (Weick, 1977). This enactment process involves determining who the claimants with preference as to the outcome to a decision are, what is their demand or preference, and what is the relative power balance among the claimants. In determining the relative power of claimants, decision makers assess their dependence on each claimant. Thus the situation is likely to arise where the decision maker has little dependence on the hierarchical claimant and does not view these demands as constraints. The important point is that power is determined by considering the dependence of the *decision maker* on various claimants and not the organization in total.

The political perspective also allows for some important insights into the process of power balancing. Complex-dynamic environments pose problems for decision makers in that planning becomes difficult, policies must continually change, and the decision-making structure is subject to constant modification as the decision maker lacks autonomy in choosing among alternative courses of action. Simple-stable environments allow decision makers to use their own assessment of what the organization "should" be doing. In order to reduce the problems associated with complex-dynamic environments, we find evidence the decision makers attempt to move from these environments to a simple-stable environment by manipulation of the power balances. The ability of decision makers to either increase a claimant's dependence on them or

reduce their dependence on a claimant would act to balance power relations (Blau, 1964; Jacobs, 1974). A fundamental strategy of power balancing was identified by Selznick (1949) which he termed co-optation. By absorbing certain elements into the decision-making structure either formally or informally, decision makers can reduce their dependence on that element. Pfeffer (1972a, 1972b, 1973) has demonstrated that co-optation through merger and manipulation of boards of directors was undertaken as a response to dependency. Additional support for the co-optation notion was obtained by Hirsch (1975) in his study of the record and pharmaceutical industries. Firms in both industries were highly dependent upon both input elements (new talent and drug innovation) and output elements (disc jockeys and doctors). While both attempted to reduce this dependence, Hirsch found that the decision makers in the pharmaceutical firms were far more successful in their efforts. For example, drug patent laws protected the exclusiveness of the pharmaceutical firms while copyright laws in the record industry did not protect this exclusiveness. In addition, the pharmaceutical detailers were able to create doctors' dependency on them, while the record promoters could find no such basis for increasing the disc jockeys' dependence upon them short of pay-offs.

The list of power-balancing strategies could be continued, but little would be gained by doing so. The important point to be made is that decision makers do attempt to control their situation by manipulation of the variables of power: essentiality and exclusiveness. One can argue that increasing one's skills is a power-balancing strategy in that the decision maker becomes more essential and exclusive to the hierarchical claimant, thus increasing to some degree the decision maker's autonomy. In general, it is more useful to analyze a decision maker's environment for the set of decisions made within that position, rather than examining environment with respect to an entire organization. Again, the goal model premise that goals are filtered down through the hierarchy comes into question, as one

realizes that at any point in the hierarchy decision makers may exclude hierarchical demands from their enactment of the environment of a decision or set of decisions.

### COORDINATION

It has become a widely held premise among organizational theorists that as organizations become more complex, problems of integration or coordination become more complex (Lawrence and Lorsch, 1967). Given increased complexity, what mechanisms act to unite segments of an organization toward cooperative effort? In observing cooperative effort the easiest and most tempting explanation of this solidarity of action is consensus regarding the ends of this effort. Consequently it is deduced that there must be some superordinate goal that various differentiated parts work toward. Thus if departments simply subvert their self-interests to the collective interests (goal), solidarity of the organization would be assured and little conflict would exist. The hierarchy then becomes the basic integrating mechanism for the organization as conflicts between competing interests are handled by referring the issue to the next common level of hierarchy. This method of conflict reduction has been termed the superordinate goal approach (March and Simon, 1958; Thompson, 1967). Implicit in this model is the assumption that conflict is only a temporary malfunction of the organizational structure which is simply remedied by referring to a goal upon which consensus exists. Nightingale (1974) terms this view of conflict the human relations approach. He also identifies a second approach to conflict, termed the pluralist approach, which not only recognizes the inevitability of conflict but many of the positive functions as well (cf. Coser, 1956). This literature stresses the fact that various claimants cannot come to consensus as to superordinate goals and are rarely willing to subvert individual interests for collective interests.

If the goal is not a basic integrating mechanism, how does an organizational system attain solidarity? In other words, in viewing an organization as a system of conflict rather than a system of consensus, how are decisions made and courses of action adopted that require cooperative effort? As a point of departure in searching for a mechanism that integrates systems of conflict, Durkheim's (1933) analysis of social integration will be used. Durkheim maintained that social units have two fundamental mechanisms for achieving solidarity of action. The first, termed mechanical solidarity, achieves solidarity through consensus regarding major values and norms. This is analogous to the goal approach to viewing solidarity. The second, termed organic solidarity, binds societies through the necessity of meeting demands of interdependent units. This mechanism thus provides a mechanism that binds systems of conflict without assuming there is any consensus as to outcome. Again, the basis for solidarity of an organizational system lies in the notion of mutual dependency, that is, various claimants are intertwined in a system of interdependence. No one claimant can push its demand to an extreme. It becomes necessary to develop courses of action that meet the constraints of a number of powerful claimants, rather than developing plans that meet superordinate goals upon which consensus exists. Claimants continue to contribute to the course of action as long as their demands are satisfied, regardless of the plan's ability to satisfy any superordinate goal or the demands of other claimants. The political model uses the concept of power in explaining integration, or lack of it, in a way that does not assume that consensus must exist in order for cooperative effort to be maintained.

### STRUCTURAL DEVELOPMENT

The goal view to structural development implicitly assumes that various structural forms are selected on the basis of their

ability to facilitate the accomplishment of some predetermined goals. Early theorists held that as the organization's principle control mechanism, the major function of an organization's structure is to direct action toward the accomplishment of a set of agreed upon goals. Once again, open systems thinking did add some complexity to the process of selecting among structural forms. Based on the seminal works of Burns and Stalker (1961) and Lawrence and Lorsch (1967), the notion of contingency became accepted. Simply stated the contingency view holds that there is no one best structural form, but rather the best structural form is dependent upon an organization's type of environment. Again, best refers to the forms ability to direct action toward organizational goals. Organizational effectiveness (goal accomplishment) is enhanced when there exists a fit between the organization's structure and its environment. The implication is that through managerial action, effectiveness is increased through behaviors that sense the environment and adjust the stucture accordingly. Structures that do not facilitate goal accomplishment are then revised. In testing this structure-environment-effectiveness model, Pennings (1975) found little support for the premise that effective organizations were those that design structure in line with environmental characteristics.

The political model takes a different view to the development of structure. The basic premise of the political model is that decision makers are subject to the control of a number of internal and external claimants. Those claimants with the greatest relative power over decision makers have the greatest potential for control of decision makers at all levels. Thus, the structure develops in such a way as to allow for control of the claimants with the most power. That is, the structure in existence at any particular point in time would be expected to benefit powerful claimants. When hierarchical claimants have the greatest relative power over the decision maker, we would expect highly formalized decision-making structures in order to direct decisions toward the interest of hierarchical claimants.

The following set of examples are presented to show the usefulness of a political perspective in analyzing three common dimensions of structure: formalization, centralization, and specialization.

Formalization is a dimension of structure that represents the degree to which control is achieved through formal rules and procedures. It is important to examine which interest specific rules benefit. Do they benefit the customer, owner, or participant? Additionally, we expect high degrees of formalization to require a coalition both powerful enough to adopt a set of rules that benefits it and powerful enough to enforce them. The concept of zone of indifference (Barnard, 1938) neatly captures this notion. The zone of indifference can be thought of as the range of rules and policies a participant chooses to obey. The relative size of this zone of indifference can be conceived of as a product of the power balance existing between participants and their supervisor. Thus, while a rule might benefit the supervisor's interest for high productivity, it may be dysfunctional to various participant interests. Whether this rule is adopted and enforced is a function of the supervisor's dependency on those exerting pressures for high productivity versus the dependency on the participants in question. Once again, formalization is a control mechanism used by those with high relative power to control the activities of decision makers. How these rules are set and the relative amount of formalization are functions of the power concentration among claimants.

Specialization can be treated similarly. High specialization tends to benefit owners as division of labor increases productivity and profit (Price, 1968). There is some evidence that high degrees of specialization are dysfunctional to the participant, leading many to propose that production systems should be less specialized to enrich the jobs of the participants (cf. Hackman and Suttle, 1977). How, then, is the ultimate degree of specialization arrived at? A political perspective would predict that high specialization would exist in cases where the participants have relatively little power. This process of

specialization would further reduce the essentiality and exclusiveness of the individual participants, thus further reducing their power (Thompson, 1961). While extremely simplistic and limited, this analysis shows how the process of specialization can be viewed as a political process in that various degrees of specialization benefit different interest groups. Ultimately the power of these various interest groups will determine the structure of a given unit.

Centralization is generally viewed as the dimension of structure that classifies the locus of decision making within an organization. Once again this structural dimension can be viewed from a political perspective. In doing so we would examine the degree of centralization in relation to the power distribution among claimants. When power is dispersed, we would expect relatively decentralized organizations, while concentration of power in the hands of relatively few claimants would result in centralized structures. Simpson and Gulley (1962) found some support for the general hypothesis that the more diverse the external pressures facing an organization, the lower the centralization of authority. Child (1973) also provides us with supporting evidence in reporting a positive relationship between concentration of ownership and centralization. Likewise, Negandhi and Reimann (1973) report the best predictors of decentralization are dependence and concern with regard to such elements as customers, stockholders, and employees. A more specific formulation is developed by Hickson et al. (1971) who posit that as the power of environmental elements becomes more dispersed, the power of internal segments of the organization set up to deal with these environmental components becomes more dispersed. The natural extension of this process is a more decentralized structure.

In summary, a number of models could be developed in addition to the brief one presented, but the point is that these models should incorporate power and dependency concepts in explaining structural concepts. With renewed interest in the design of organizations, these political concerns must be dealt

with. Organizational design refers to a body of emerging literature regarding the planning and implementation of the structure of organizations and is differentiated from the descriptive literature on organizational structure (Kilman et al., 1976). In order to purposefully design an organizational unit, it must be asked for whose purposes is this structure to be designed? A structure can be designed to achieve higher productivity, greater growth and satisfaction of the worker, or a greater responsiveness to customer or client demands. It is consistent with the political model to predict that organizations designed around the interests of one claimant would be subject to modification when power is distributed among claimants rather than concentrated in one claimant group. Tushman (1977) argues that lack of sensitivity to these political issues is one reason a number of organizational development programs have been unsuccessful.

### ORGANIZATIONAL EFFECTIVENESS

The measurement of organizational effectiveness is a major dilemma facing organizational theorists. The fundamental premise in many theories of effectiveness is that the goal, either official or operative, is the ultimate standard in assessing overall organizational effectiveness (Hall, 1972; Mott, 1972; Price, 1968; Steers, 1975). Campbell (1976) argues that even the natural systems approach (cf. Ghorpade, 1970; Gouldner, 1959; Parsons, 1960), which views effectiveness in terms of an organization's ability to fulfill certain functional requirements, must eventually concern itself with the end results or outcome of this process of fulfilling functional imperatives. It is logical to assume that if organizations are created for specific purposes, their effectiveness should be measured in terms of these purposes. Specifically, is the organization accomplishing its manifest goals? As long as one holds to the contention that complex organizations do proceed in a direction consistent

with their official goals, one has no problem with this construct. When, still within the goal paradigm, it is recognized that organizations do appear to move toward many diverse goals (operative goals), the problem becomes more difficult. Is the organization's effectiveness measured in terms of its operative goals or its official goals? To make the problem more difficult, Dubin (1976) suggests that in many situations, organizations are incapable of accomplishing two conflicting goals simultaneously. Friedlander and Pickle (1968) provide empirical evidence of this fact in finding little agreement between several different measures of goal effectiveness.

The majority of the literature defending the goal approach does so by utilizing the operative goal framework (Hall, 1972; Price, 1968; Steers, 1975). Overall effectiveness is measured by summing estimates of accomplishment of a set of operative goals. When the operative goal approach is taken, by implication and necessity, official goals are disregarded. This raises the empirically unresolvable question: If an organization is not accomplishing its initial purpose but is accomplishing some other goal, is it an effective organization in an overall sense?

One begins to sense the tautology of the operative goal approach to measuring organizational effectiveness. Because of the nature of its continued existence, the organization must be doing something that can be identified as an operative goal. Once this goal is located, the organization can be declared effective. Variation in measured effectiveness can be explained in terms of the goals that are chosen for analysis. The goal approach is not as value free as is sometimes claimed. The choice of the goals for analysis constitutes a major value decision.

When the organization is assessed on the basis of multiple criteria, it also becomes difficult to obtain a single measure of overall effectiveness. Theorists have generally reverted to some type of combination or summing calculus to obtain a single measure of effectiveness from multiple criteria. An inherent problem with summing accomplishment measures of conflict-

ing goals is the information lost. Two modifications to simple summing are suggested by Steers (1975) to reconcile the apparent problem of conflicting goals. The first is to account for differential weights that reflect different valences attached to each goal. The second is to discuss goal optimization rather than goal maximization. Optimization is a concept described by March and Simon (1958) using the term *satisficing*. It is interesting to note that the concept has now taken on a normative usage. The effect of Steer's suggestions would be to measure effectiveness as the extent to which an organization optimizes its (weighted) feasible goal set.

The placing of weights does not alleviate the problems inherent in combination. Hannan and Freeman (1977) argue that the question of relative effectiveness of organizations with multiple evaluation criteria cannot be answered without making some judgment regarding the relative importance of the various criteria. Weights must be assigned either as a normative value judgment by the researchers, organizational member, or some expert observer. Different values would result in completely different effectiveness measures. If the weights are assigned on the basis of the relative amount of resources directed toward each goal (operative goal framework), one will invariably find organizations to be effective where they channel their resources. Another problem is the determination of point of optimization. At what point is the organization optimizing a goal? The answer tends to be tautological. Goal optimization occurs at a point where conflicting demands require redirection of resources. Are not organizations continually at this point?

The basic question at hand is does a system become more effective by increasing the output of the system to one claimant at the expense of other claimants? It is proposed that the distribution of the organization's resources among the various claimants is a function of their relative power and that programs that act to change this power balance are not

increasing the effectiveness of the system. Any attempt to measure system effectiveness would then have to take a Pareto-optimum approach in which a system would be at its most effective state when the output to any one claimant cannot be increased without reduction of the output to another claimant (McGuire, 1977).

At this point we must inquire as to the utility of an overall measure of organizational effectiveness. Is it meaningful to measure the effectiveness of complex systems of interdependent action whose boundaries are not fixed, but in a constant state of change? Because of this high degree of interdependence, one part of the system generally cannot control the output entirely. As Thompson (1967) argues, organizations are continually being assessed. The political model recognizes that this assessment is not made in overall or general terms, but made on a specific level of powerful claimants. If theory is to advance these methods of assessment should be investigated to determine what methods do various claimants utilize in assessing organizations or components of them. One might immediately suggest that claimants will always assess the organization using a basic form of the goal model, that is, assess its output to the claimant in question. Once again Thompson's (1967) analysis of assessment is helpful here. He suggests that outputs are not always clear and easy to assess, in which case a claimant would assess the process by which tasks are performed. An extension of this reasoning would suggest that when a particular unit's outcome is subject to influences beyond its control, claimants would once again turn to a process approach. For example, members of the medical profession are more often assessed by examination of the process of their work by comparing techniques used to standard medical practices rather than by the outcome of the procedures.

Once it is recognized that the standard of assessment used in measuring organizational effectiveness is a value question which is unanswerable by either theorists or researchers, the

fruitless debate over the ultimate measure of effectiveness can be discontinued. One of the reasons the debate about criteria has gone on for so long is that managers are not interested in how theorists resolve the issue. Effectiveness has always been clear to administrators. To them effectiveness means meeting the demands of claimants they are dependent upon. Optimization can then be viewed as the proverbial "bottom line." This means that a manager will seek to determine at what level of benefit a particular claimant will start to withhold its services. Keeping benefits at this point will allow managers to concentrate on meeting the demands of other claimants.

### CONCLUSION

The above analysis is not meant to be a full and complex theory of organizations, but rather the basis of a framework from which a number of aspects of organizational behavior can be analyzed. It is argued that a political perspective which views decision making as a process whereby powerful claimants place constraints on and attempt to control the decision maker is a more applicable framework than a simple goal framework. The political perspective presented makes use of open systems concepts in recognizing that an organization is open to its environment at all decision-making levels. Constraints are placed on decision makers from external and internal sources as well as through the organization's hierarchy.

Those placing hierarchical constraints on a decision maker are in competition with other claimants. The control system developed by an administration then becomes a means of enforcing the hierarchical constraint. The decision maker's control system is composed of a set of control systems developed not only by the supervisor but by other claimants attempting to enforce their constraints as well.

## REFERENCES

- ALLISON, G. I. (1969) "Conceptual models and the Cuban missile crisis." *Amer. Pol. Sci. Rev.* 63: 689-718.
- ANGYAL, A. (1958) *Foundations for a Science of Personality*. Cambridge, MA: Harvard Univ. Press.
- BARNARD, C. I. (1938) *The Functions of the Executive*. Cambridge, MA: Harvard Univ. Press.
- BLAU, P. M. (1964) *Exchange and Power in Social Life*. New York: John Wiley.
- and W. R. SCOTT (1962) *Formal Organizations: A Comparative Approach*. San Francisco: Chandler.
- BOSCHKEN, H. L. (1974) *Corporate Power and the Mismarketing of Urban Development*. New York: Praeger.
- BURNS, I. (1967) "The comparative study of organizations," pp. 113-170 in V. Vroom (ed.) *Methods of Organizational Research*. Pittsburgh: Univ. of Pittsburgh Press.
- and G. M. STALKER (1961) *The Management of Innovation*. London: Tavistock.
- CAMPBELL, J. P. (1976) "Contributions research can make in understanding organizational effectiveness," pp. 29-45 in S. L. Spray (ed.) *Organizational Effectiveness: Theory-Utilization-Research*. Kent, OH: Kent State Univ. Press.
- CHILD, J. (1973) "Predicting and understanding organizational structure." *Administrative Sci. Q.* 18: 168-185.
- COSER, L. A. (1956) *The Functions of Social Conflict*. New York: Free Press.
- CYERT, R. M. and J. G. MARCH (1963) *A Behavioral Theory of the Firm*. Englewood Cliffs, NJ: Prentice-Hall.
- CYERT, R. M., H. A. SIMON, and D. B. TROW (1956) "Observation of a business decision." *J. of Business* 29: 237-248.
- DUBIN, R. (1976) "Organizational effectiveness: Some dilemmas of perspective." *Organization and Administration* 7 (Spring/Summer): 7-13.
- (1958) *The World of Work*. Englewood Cliffs, NJ: Prentice-Hall.
- DUNCAN, R. B. (1973) "Multiple decision-making structures in adapting to environmental uncertainty: The impact on organizational effectiveness." *Human Relations* 26: 273-291.
- (1972) "Characteristics of environment and perceived environmental uncertainty." *Administrative Sci. Q.* 17: 313-327.
- DUNCAN, W. J. (1976) "Organizations as political coalitions: A behavioral view of the goal formation process." *J. of Behavioral Economics* 5 (Summer): 25-44.
- DURKHEIM, E. (1933) *The Division of Labor in Society*. New York: Free Press.
- EMERSON, R. M. (1962) "Power-dependence relations." *Amer. Soc. Rev.* 27: 31-41.
- ETZIONI, A. (1964) *Modern Organizations*. Englewood Cliffs, NJ: Prentice-Hall.
- FRIEDLANDER, F. and H. PICKLE (1968) "Components of effectiveness in small organizations." *Administrative Sci. Q.* 13: 289-304.
- GEORGIU, P. (1973) "The goal paradigm and notes towards of counter paradigm." *Administrative Sci. Q.* 18: 291-310.

- GHORPADE, J. (1970) "Study of organizational effectiveness: Two prevailing viewpoints." *Pacific Soc. Rev.* 13 (Winter): 31-41.
- GOULDNER, A. W. (1970) *The Coming Crisis of Western Sociology*. New York: Basic Books.
- (1959) "Organizational analysis," pp. 400-428 in R. Merton et al. (eds.) *Sociology Today: Problems and Prospects*. New York: Basic Books.
- GROSS, E. (1969) "The definition of organizational goals." *British J. of Sociology* 20: 277-294.
- HACKMAN, J. R. and J. L. SUTTLE (1977) *Improving Life at Work: Behavioral Science Approaches to Organizational Change*. Santa Monica, CA: Goodyear.
- HALBERSTAM, D. (1969) *The Best and the Brightest*. New York: Random House.
- HALL, R. H. (1972) *Organizations: Structure and Process*. Englewood Cliffs, NJ: Prentice-Hall.
- J. E. HAAS, and N. J. JOHNSON (1967) "An examination of the Blau-Scott and Etzioni typologies" *Administrative Sci. Q.* 12: 118-139.
- HANNAN, M. T. and J. FREEMAN (1977) "The population ecology of organizations." *Amer. J. of Sociology* 82: 929-964.
- HICKSON, D. J., C. R. HININGS, C. A. LEE, and J. M. PENNINGS (1971) "A strategic contingencies theory of intraorganizational power." *Administrative Sci. Q.* 16: 216-229.
- HININGS, C. R., D. J. HICKSON, J. M. PENNINGS, and R. E. SCHNECK (1974) "Structural conditions of intraorganizational power." *Administrative Sci. Q.* 19: 22-44.
- HIRSCH, P. (1975) "Organizational effectiveness and the institutional environment." *Administrative Sci. Q.* 20: 327-344.
- JACOBS, D. (1974) "Dependency and vulnerability: An exchange approach to the control of organizations." *Administrative Sci. Q.* 19: 45-59.
- KATZ, D. and R. L. KAHN (1966) *The Social Psychology of Organizations*. New York: John Wiley.
- KILMANN, R. H., L. R. PONDY, and D. P. SLEVIN (1976) *The Management of Organizational Design*. New York: Elsevier North-Holland.
- KUHN, T. S. (1962) *The Structure of Scientific Revolutions*. Chicago: Univ. of Chicago Press.
- LAWRENCE, P. R. and J. W. LORSCH (1967) *Organization and Environment: Managing Differentiation and Integration*. Boston: Harvard University Graduate School of Administration, Division of Research.
- LEVINE, S. and P. E. WHITE (1961) "Exchange as a conceptual framework for the study of interorganizational relationships." *Administrative Sci. Q.* 5: 583-601.
- MARCH, J. G. (1962) "The business firm as a political coalition." *J. of Politics* 24: 662-678.
- and H. A. SIMON (1958) *Organizations*. New York: John Wiley.
- MAYES, B. I. and R. W. ALLEN (1977) "Toward a definition of organizational politics." *Academy of Management Rev.* 2: 672-677.
- McGUIRE, J. W. (1977) "Organizational effectiveness, organizational equilibria, and organizational welfare." Presented at the meeting of the Academy of Management, Orlando, FL.

- MOTT, P. E. (1972) *The Characteristics of Effective Organizations*. New York: Harper & Row.
- NEGANDHI, A. R. and B. C. REIMANN (1973) "Correlates of decentralization: Closed and open system perspectives." *Academy of Management J.* 16: 570-582.
- NIGHTINGALE, D. (1974) "Conflict and conflict resolution," pp. 141-163 in G. Strauss et al. (eds.) *Organizational Behavior: Research and Issues*. Madison, WI: Industrial Relations Research Association.
- PARSONS, T. (1960) *Structure and Process in Modern Societies*. New York: Free Press.
- PENNINGS, J. M. (1975) "The relevance of the structural contingency model for organizational effectiveness." *Administrative Sci. Q.* 20: 393-410.
- PERROW, C. (1961) "The analysis of goals in complex organizations." *Amer. Soc. Rev.* 26: 859-866.
- PETTIGREW, A. M. (1973) *The Politics of Organizational Decision-Making*. London: Tavistock.
- PFEFFER, J. (1973) "Size, composition, and function of hospital boards of directors: A study of organization-environment linkage." *Administrative Sci. Q.* 18: 349-364.
- (1972a) "Size and composition of corporate boards of directors: The organization and its environment." *Administrative Sci. Q.* 17: 218-228.
- (1972b) "Merger as a response to organizational interdependence." *Administrative Sci. Q.* 17: 382-394.
- and G. R. SALANCIK (1974) "Organizational decision-making as a political process: The case of the university budget." *Administrative Sci. Q.* 19: 135-151.
- PRICE, J. L. (1968) *Organizational Effectiveness: An Inventory of Propositions*. Homewood, IL: Irwin.
- SELZNICK, P. (1949) *TVA and the Grass Roots: A Study in the Sociology of Formal Organizations*. Berkeley: Univ. of California Press.
- SIMPSON, R. L. and W. H. GULLEY (1962) "Goals, environmental pressures, and organizational characteristics." *Amer. Soc. Rev.* 27: 344-351.
- SIMON, H. A. (1964) "On the concept of organizational goal." *Administrative Sci. Q.* 9: 1-22.
- STEERS, R. M. (1975) "Problems in the measurement of organizational effectiveness." *Administrative Sci. Q.* 20: 546-558.
- THOMPSON, J. D. (1967) *Organizations in Action*. New York: McGraw-Hill.
- and A. TUDEN (1959) "Strategies, structures, and the process of organizational decision," pp. 195-216 in J. D. Thompson et al. (eds.) *Comparative Studies in Administration*. Pittsburgh: Univ. of Pittsburgh Press.
- THOMPSON, V. A. (1961) *Modern Organizations*. New York: Knopf.
- TUSHMAN, M. L. (1977) "A political approach to organizations: A review and rationale." *Academy of Management Rev.* 2: 206-216.
- WAMSLEY, G. L. and M. N. ZALD (1973) *The Political Economy of Public Organizations: A Critique and Approach to the Study of Public Organizations*. Lexington, MA: D. C. Heath.
- WEBER, M. (1947) *The Theory of Social and Economic Organization*. New York: Free Press.

- WEICK, K. E. (1977) "Enactment processes in organizations," pp. 267-300 in B. M. Staw and G. R. Salancik (eds.) *New Directions in Organizational Behavior*. Chicago: St. Clair.
- (1976) "Educational organizations as loosely coupled systems." *Administrative Sci. Q.* 21: 1-19.
- (1969) *The Social Psychology of Organizing*. Reading, MA: Addison-Wesley.
- WHITE, P. E. (1974) "Resources as determinants of organizational behavior." *Administrative Sci. Q.* 19: 366-379.

*Richard W. Scholl is Assistant Professor of Management at the University of Rhode Island. He received his Ph.D. in Administration from the University of California, Irvine. He has previously published in the area of organizational behavior. His current research interests include organizational control, coordination, and managerial career patterns in functional and product organizational forms.*