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People in Organizations

Management succeeds or fails in proportion as it is accepted without reservation by the group as authority and leader.

—Elton Mayo

The entire organization must consist of a multiple overlapping group structure with every work group using group decision-making processes skillfully.

—Rensis Likert

The average human being learns, under proper conditions, not only to accept but to seek responsibility.

—Douglas McGregor

The successful manager must be a good diagnostician and must value a spirit of enquiry.

—Edgar H. Schein

The primary functions of any organization, whether religious, political, or industrial, should be to implement the needs of man to enjoy a meaningful existence.

—Frederick Herzberg

Only organizations based on the redundancy of functions (as opposed to the redundancy of parts) have the flexibility and innovative potential to give the possibility of adaptation to a rapid change rate, increasing complexity and environmental uncertainty.

—Eric Trist

The degree to which the opportunity to use power effectively is granted or withheld from individuals is one operative difference between those companies which stagnate and those which innovate.

—Rosabeth Moss Kanter

Organizations are systems of interdependent human beings. Although this has been recognized implicitly by the writers of the previous sections, and explicitly by some, their main concern has been with the formal system—its aims, the principles on which it should be constituted to achieve them, and the methods by which it should function. People have then been considered as one of the essential resources required to achieve the aims. But people are a rather special sort of resource. They not only work for the organization—they *are* the organization.

The behavior of the members of an organization clearly affects both its structure and its functioning, as well as the principles on which it can be managed. Most important, human beings affect the aims of organizations in which they participate—not merely the methods used to accomplish them. The writers in this section are social scientists specifically concerned to analyze the

behavior of people and its effects on all aspects of the organization. They have studied human attitudes, expectations, value systems, tensions, and conflicts, and the effects these have on productivity, adaptability, cohesion, and morale. They have regarded the organization as a natural system—an organism whose processes have to be studied in their own right—rather than as a formal system—a mechanism designed to achieve particular ends.

Elton Mayo is the founding father of the Human Relations Movement, which brought into prominence the view that workers and managers must first be understood as human beings. Rensis Likert and Douglas McGregor reject the underlying assumptions about human behavior on which formal organizations have been built and propose new management methods based on a more adequate understanding of human motivation.

Edgar Schein's concern has been to understand and manage the relationship between the individual's career and the organization's culture, whereas Frederick Herzberg determines how people's characteristically human needs for growth and development may be satisfied in work.

Eric Trist and his colleagues at the Tavistock Institute demonstrate the utility of designing groups within organizations, which, while taking account of technical concerns, can also make provision for social and psychological aspects of human behavior. Rosabeth Moss Kanter proposes ways in which organizations should be managed to draw more fully on the total human resources within them.

Elton Mayo and the Hawthorne Investigations

Elton Mayo (1880–1949) was an Australian who spent most of his working life at Harvard University, eventually becoming Professor of Industrial Research in the Graduate School of Business Administration. In this post, he was responsible for the initiation and direction of many research projects, the most famous being the 5-year investigations of the Hawthorne works of the Western Electric Company in Chicago. Immediately prior to his death, Mayo was consultant on industrial problems to the British government.

Elton Mayo has often been called the founder of both the human relations movement and of industrial sociology. The research that he directed showed the importance of groups in affecting the behavior of individuals at work and enabled him to make certain deductions about what managers ought to do.

Like most of his contemporaries, Mayo's initial interests were in fatigue, accidents, and labor turnover, and the effect on these of rest pauses and physical conditions of work. One of his first investigations was of a spinning mill in Philadelphia, where labor turnover in one department was 250%, compared with an average of 6% for all the other departments. Mayo introduced rest pauses, and production and morale improved. When the operatives took part in fixing the frequency and duration of the pauses, a further improvement was registered and morale in the whole factory also improved. At the end of the first year, turnover in the department concerned was down to the average for the rest of the mill. The initial explanation was that the rest pauses, in breaking up the monotony of the job, improved the mental and physical condition of the men. After subsequent investigations, however, Mayo modified his explanation.

The major investigation that led to this modification and that laid the basis for a great many subsequent studies was the Hawthorne Experiment, carried out between 1927 and 1932. Prior to the entry of Mayo's team, an inquiry had been made by a number of engineers into the effect of illumination on workers and their work. Two groups of workers had been isolated, and the lighting conditions for one had been varied and for the other held constant. No significant differences in output were found between the two; indeed, whatever was done with the lighting, production rose in both groups.

At this point, the industrial research team directed by Mayo took over. The first stage of their inquiry is known as the Relay Assembly Test Room. Six female operatives engaged in assembling telephone relays were segregated to observe the effect on output and morale of various changes in the conditions of work. During the 5 years of experiment, various changes were introduced and a continuous record of output was kept. At first, a special group payment scheme was introduced; previously, the women had been grouped with 100 other operatives for incentive payment purposes. Other changes introduced at various times were rest pauses in several different forms (varying in length and spacing), shorter hours, and refreshments; in all, more than 10 changes. Before putting the changes into effect, the investigators spent much time discussing them with the women. Communication between the workers and the research team was very full and open throughout the experimental period. Almost without exception, output increased with each change made.

The next stage in the experiment was to return to the original conditions. The operatives reverted to a 48-hour, 6-day week with no incentives,

no rest pauses, and no refreshment. Output went up to the highest yet recorded. By this time, it had become clear, to quote Mayo, "that the itemized changes experimentally imposed . . . could not be used to explain the major change—the continually increasing production." The explanation eventually given was that the women experienced a tremendous increase in work satisfaction because they had greater freedom in their working environment and control over their own pace-setting. The six operatives had become a social group with their own standards and expectations. By removing the women from the normal setting of work and by intensifying their interaction and cooperation, informal practices, values, norms, and social relationships had been built up, giving the group high cohesion. Also, the communication system between the researchers and the workers was extremely effective; this meant that the norms of output were those that the women thought the researchers desired. The supervisors took a personal interest in each worker and showed pride in the record of the group. The result was that the workers and the supervisors developed a sense of participation and, as a result, established a completely new working pattern. Mayo's generalization was that work satisfaction depends to a large extent on the informal social pattern of the work group. Where norms of cooperativeness and high output are established because of a feeling of importance, physical conditions have little impact.

This, however, is the explanation arrived at in later years. At the time of the actual experiment, the continually increasing output was regarded as something of a mystery, so an inquiry was instituted into conditions in the factory at large. This inquiry took the form of an interview program. It was quickly realized that such a program told the researchers little about the actual conditions in the factory but a great deal about the attitudes of various employees. The major finding of this stage of the inquiry was that many problems of worker-management cooperation were the results of the emotionally based attitudes of the workers rather than of objective difficulties in the situation. Workers, thought Mayo, were activated by a "logic of sentiment," whereas management was concerned with the "logic of cost and efficiency." Conflict is inevitable unless this difference is understood and provided for.

The third stage of the investigation was to observe a group performing a task in a natural setting, that is, a nonexperimental situation. A number of male employees in what became known as the Bank Wiring Observation Room were put under constant observation, and their output was recorded. It was found that they restricted their output; the group had a

standard for output, and this was not exceeded by any individual worker. The attitude of the members of the group toward the company's financial incentive scheme was one of indifference. The group was highly integrated with its own social structure and code of behavior, which clashed with the code of management. Essentially, this code was composed of solidarity on the part of the group against management. On one hand, not too much work should be done because that would be rate busting; on the other hand, not too little work should be done because that would be chiseling. There was little recognition of the organization's formal allocation of roles. This was confirmation of the importance of informal social groupings in determining levels of output.

Taken as a whole, the significance of the Hawthorne investigations was in discovering the informal organization that, it is now realized, exists in all organizations. The investigations demonstrated the importance to individuals of stable social relationships in the work situation. They confirmed Mayo in his wider thinking that what he calls the "rabble hypothesis" about human behavior (that each individual pursues only a narrow, rational self-interest) was completely false. They confirmed his view that the breakdown of traditional values in society could be countered by creating a situation in industry conducive to spontaneous cooperation.

For Mayo, one major task of management is to organize spontaneous cooperation, thereby preventing the further breakdown of society. As traditional attachments to community and family disappear and the workplace increases in importance, the support given by traditional institutions must now be given by the organization. Conflict, competition, and disagreement between individuals are to be avoided by management's understanding its role as providing the basis for group affiliation. From the end of the Hawthorne project to his death, Mayo was interested in discovering how spontaneous cooperation could be achieved. This has been the basis of the human relations movement—the use of the insights of the social sciences to secure the commitment of individuals to the ends and activities of the organization.

The impact of Hawthorne and Mayo on management and academics has been tremendous. It led to a fuller realization and understanding of the human factor in work situations. Central to this was the discovery of the informal group as an outlet for the aspirations of the worker. His work also led to an emphasis on the importance of an adequate communication system, particularly upward from workers to management. The investigations showed, to quote Mayo, that "management succeeds or fails in proportion as it is accepted without reservation by the group as authority and leader."

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Rensis Likert and Douglas McGregor

Rensis Likert (1903–1981) was an American social psychologist who, in 1949, established the Institute of Social Research at the University of Michigan. Until his retirement in 1969, he was thus at the head of one of the major institutions conducting research into human behavior in organizations. On his retirement, he formed Rensis Likert Associates, a consulting firm, to put his ideas about the management of organizations into wider practice. His books are based on the numerous research studies that he and his colleagues have conducted. His last book was jointly written with his research collaborator and wife, Jane Gibson Likert.

Douglas McGregor (1906–1964) was a social psychologist who published a number of research papers in this field. For some years, he was President (Chief Executive) of Antioch College, and he has described how this period as a top administrator affected his views on organizational functioning. From 1954 until his death, he was Professor of Management at the Massachusetts Institute of Technology.

"Managers with the best records of performance in American business and government are in the process of pointing the way to an appreciably more effective system of management than now exists," proclaimed Likert. Research studies have shown that departments low in efficiency tend to be in the charge of supervisors who are job centered, that is, they "tend to concentrate on keeping their subordinates busily engaged in going through a specified work cycle in a prescribed way and at a satisfactory rate as determined by time standards." This attitude is clearly derived from that of Taylor (see chapter 3), with its emphasis on breaking down the job into component parts, selecting and training people to do them, and exerting constant pressure to achieve output. Supervisors see themselves as getting the job done with the resources (which include the people) at their disposal.

Supervisors with the best record of performance are found to focus their attention on the human aspects of their subordinates' problems and on building effective work groups that set high achievement goals. These supervisors are employee-centered. They regard their jobs as dealing with human beings rather than with the work; they attempt to know them as individuals. They see their function as helping employees do the job efficiently. They exercise general rather than detailed supervision and are more concerned with targets than methods. They allow maximum participation in decision making. If high performance is to be obtained, a supervisor not only must be employee-centered but also must have high performance goals and be capable of exercising the decision-making processes to achieve them.

In summarizing these findings, Likert distinguished four systems of management. System 1 is the exploitive authoritative type, in which, for example, management uses fear and threats, communication is downward, superiors and subordinates are psychologically far apart, and the bulk of decisions is taken at the top of the organization.

System 2 is the benevolent authoritative type, in which, for example, management uses rewards, subordinates' attitudes are subservient to superiors, information flowing upward is restricted to what the boss wants to hear, and policy decisions are taken at the top but decisions within a prescribed framework may be delegated to lower levels.

System 3 is the consultative type, in which management uses rewards and occasional punishments and some involvement is sought; communication is both down and up, but upward communication other than that which the boss wants to hear is given in limited amounts and only cautiously. In this system, subordinates can have a moderate amount of influence on the activities of their departments as broad policy decisions are taken at the top and more specific decisions at lower levels.

System 4 is characterized by participative group management. Management gives economic rewards and makes full use of group participation and involvement in setting high performance goals and improving work methods; communication flows downward, upward, and with peers and is accurate; and subordinates and superiors are very close psychologically. Decision making is widely done throughout the organization through group processes and is integrated into the formal structure by regarding the organization chart as a series of overlapping groups, with each group linked to the rest of the organization by means of persons (called "linking pins") who are members of more than one group. System 4 management produces high productivity, greater involvement of individuals, and better labor-management relations.

In general, high-producing managers are those who have built the personnel in their units into effective groups, whose members have cooperative attitudes and a high level of job satisfaction through System 4 management. But there are exceptions. Technically competent, job-centered, tough management can achieve high productivity (particularly if backed up by tight systems of control techniques). But the members of units whose supervisors use these high-pressure methods are likely to have unfavorable attitudes toward their work and the management and to have excessively high levels of waste and scrap. They also show higher labor turnover and greater labor-management conflict, as measured by work stoppages, official grievances, and the like.

Management, according to Likert, is always a relative process. To be effective and to communicate, leaders must always adapt their behavior to take account of the persons they lead. No specific rules will work well in all situations; only general principles must be interpreted to take account of the expectations, values, and skills of those with whom the manager interacts. Sensitivity to these values and expectations is a crucial leadership skill, and organizations must create the atmosphere and conditions that encourage all managers to deal with the people they encounter in a manner befitting their values and expectations.

To assist in this task, management now has available a number of measures of relevant factors that have been developed by social scientists. Methods are available to obtain objective measurements of such variables as (a) the amount of member loyalty to an organization; (b) the extent to which the goals of groups and individuals facilitate the achievement of the organization's goals; (c) the level of motivation among members; (d) the degree of confidence and trust between different hierarchical levels and between different subunits; (e) the efficiency and adequacy of the communication process; and (f) the extent to which superiors are correctly informed of the expectations, reactions, obstacles, problems, and failures of subordinates—together with the assistance they find useful and the assurance they wish they could get.

These measures and others enable an organization to know at any time the state of the system of functioning human beings that underpins it (i.e., the interaction-influence system), whether it is improving or deteriorating and why, and what to do to bring about desired improvements. This objective information about the interaction-influence system enables problems of leadership and management to be depersonalized and the authority of facts to come to the fore. A much wider range of human behavior can now be measured and made objective, whereas previously impressions and judgements had to suffice.

Douglas McGregor examines the assumptions about human behavior that underlie managerial action. The traditional conception of administration (as exemplified by the writings of Fayol; see chapter 3) is based on the direction and control by management of the enterprise and its individual members. It implies certain basic assumptions about human motivation, which McGregor characterizes as "Theory X." These basic assumptions are:

1. The average human being has an inherent dislike of work and will avoid it if possible. Thus, management needs to stress productivity, incentive schemes, and "a fair day's work" and to denounce "restriction of output."

2. Because of this human characteristic of dislike of work, most people must be coerced, controlled, directed, and threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives.

3. The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, and wants security above all.

Theory X has persisted for a long time (although it is not usually stated as baldly as this). It has done so because it has undoubtedly provided an explanation for some human behavior in organizations. However, many readily observable facts and a growing body of research findings (e.g., those described by Likert) cannot be explained on these assumptions. McGregor proposes an alternative "Theory Y," with the underlying principle of integration to replace direction and control. The assumptions about human motivation of Theory Y are:

1. The expenditure of physical and mental effort in work is as natural as play or rest. The ordinary person does not inherently dislike work; according to the conditions, it may be a source of satisfaction or punishment.

2. External control is not the only means for obtaining effort. "People will exercise self-direction and self-control in the service of objectives to which they are committed."

3. The most significant reward that can be offered to obtain commitment is the satisfaction of the individual's "self-actualizing needs" (see Schein). This can be a direct product of effort directed toward organizational objectives.

4. The average human being learns, under proper conditions, not only to accept but also to seek responsibility.

5. Many more people are able to contribute creatively to the solution of organizational problems than do so.
6. At present, the potentialities of the average person are not being fully used.

McGregor develops an analysis of how the acceptance of Theory Y as the basis for running organizations would work out. He is particularly concerned with effects on performance appraisals, salaries and promotions, participation, and staff-line relationships. On this last topic, he makes the important point that there will be tension and conflict between staff and line as long as the staff departments are used as a service to top management to control the line (which is required by Theory X). With Theory Y, the role of the staff is regarded as that of providing professional help to all levels of management.

The essential concept, which both Likert and McGregor are propounding, is that modern organizations, to be effective, must regard themselves as interacting groups of people with supportive relationships to each other. In the ideal, all members will believe that the organization's objectives are of personal significance to them. They will regard their jobs, which contribute to the objectives, as meaningful, indispensable, and difficult. Therefore, to do their jobs effectively, they need and obtain the support of their superiors. Superiors, in turn, regard their prime function as the giving of this support to make their subordinates effective.

In later work, Likert and Likert extend the System 1 to 4 classification by identifying the System 4 Total Model Organization (System 4T). This designation refers to organizations that have a number of characteristics in addition to those of System 4. These include (a) high levels of performance goals held by the leader and transmitted to subordinates; (b) high levels of knowledge and skill of the leader with regard to technical issues, administration, and problem solving; and (c) the capacity of the leader to provide planning, resources, equipment, training, and help to subordinates. System 4T is also characterized by an optimum structure in terms of differentiation and linkages, and stable group working relationships.

System 4T is currently the best method for dealing with conflict because of its approach to getting appropriate data related to group needs (thus removing person-to-person conflict) and engaging in group decision making to resolve the differences in the best interests of the entire organization. If members of one or both of the two groups show an inability to use group decision-making techniques sufficiently well, then higher levels must provide further training in group processes. The interaction-influence

system will develop a capacity for self-correction because superiors recognize those groups that are not performing their linking-pin and problem-solving functions effectively and can arrange for coaching and training. Correction is possible because the failures are picked up not by after-the-fact data (e.g., falling production, rising costs, lower earnings) but through the interaction-influence system in the early stages before poor performance and conflict arise.

Likert's argument is that the nearer to System 4T the organization approaches, the more productivity and profits will improve, and conflict will be reduced. Likert also suggests a System 5 organization of the future, in which the authority of hierarchy will completely disappear. The authority of individuals will derive only from their linking-pin roles and from the influence exerted by the overlapping groups of which they are members.

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Edgar H. Schein

Edgar H. Schein has for many years been Professor of Management at the Sloan School of Management of the Massachusetts Institute of Technology, where he is now Professor Emeritus. A social psychologist by training, in his early years at MIT he was a junior colleague of Douglas McGregor's, whose personality and work had much influence on him. Working in that tradition, Schein has been an influential researcher, consultant, and writer on issues concerned with organizational behavior, particularly individual motivation, career dynamics, and organizational culture.

Schein's analysis of motivation begins, like McGregor's, with an examination of the underlying assumptions that managers make about the people they manage. He suggests three sets of assumptions, roughly in

order of their historical appearance, and adds a fourth that he considers more appropriate.

1. The *rational-economic model* is the mental picture held by managers who consider workers to be primarily motivated by economic incentives as manipulated by the organization. The worker is essentially passive, lazy, and unwilling to take responsibility, and must therefore be controlled by the manager. This is the basis of Taylor's approach to management (see chapter 3), which is expounded by McGregor as Theory X. This approach led to the possibility of mass-production industry but broke down when unions became powerful and jobs became more complex, requiring more of an employee than being just a pair of hands.

2. The *social model* developed from awareness of the worker's needs for identity through relationships with others, particularly the working group. The group's norms and pressures have much more power over production than do formal incentive systems and management controls. The work of Mayo and the Hawthorne investigations had an important impact in changing managerial ideas, as did Trist and his colleagues' study of mining. The implications for managers are spelled out in Likert's work on the need for employee-centered leadership and participative group management (see Likert & McGregor).

3. The *self-actualizing model* is a further development that underlines the fact that, typically, organizations remove the meaning of any work that employees do. The inherent need of workers to exercise their understanding, capacities, and skills in an adult way is thus frustrated, and alienation and dissatisfaction ensue. The analysis of the clinical psychologist Abraham Maslow has been very influential here. He maintained that self-actualization (the realization of one's distinctive psychological potential) is the highest form of human need, going beyond economic and social fulfillment. The implications of this approach are developed for managers in McGregor's Theory Y, Argyris's Model II (see chapter 5), and Herzberg's job enrichment.

4. The *complex model*, developed by Schein, maintains that earlier theories are based on conceptions that are too simplified and generalized. Human needs fall into many categories and vary according to a person's state of personal development and life situation. So, motives will vary from one person to another, one situation to another, and one time to another. Incentives can also vary in their impact; money, for example, usually satisfying basic economic needs, can also serve to satisfy self-actualization needs for some. What motivates millionaires to go on to make their second or fifth million? Employees are also capable of learning new motives

through organizational experiences and can respond to different kinds of managerial strategies.

The most important implications for managers is that they need to be good diagnosticians. They should be flexible enough to vary their own behavior in relation to the need to treat in an appropriate way particular subordinates in particular situations. They may require to use any of the economic, social, or self-actualizing models. They may use scientific management in the design of some jobs but allow complete group autonomy for the workers to organize themselves in others. They would thus use a contingency approach, as exemplified by Lawrence and Lorsch (see chapter 2), among others.

According to Schein, the key factor that determines the motivation of individuals in organizations is the psychological contract. This is the unwritten set of expectations operating at all times between every member of an organization and those who represent the organization itself to that member. It includes economic components (e.g., pay, working hours, job security), but it will also include more implicit concerns, such as being treated with dignity, obtaining some degree of work autonomy, and having opportunities to learn and develop. Some of the strongest feelings leading to strikes and employee turnover have to do with violations of these implicit components, even though the public negotiations are about pay and conditions of work.

The organization, too, has implicit expectations—for example, that employees will be loyal, will keep trade secrets, and will do their best on behalf of the organization. Whether individuals will work with commitment and enthusiasm is the result of a matching between the two components. On one side is their own expectations of what the organization will provide to them and what they should provide in return; on the other side is the organization's expectations of what it will give and get. The degree to which these correspond will determine the individual's motivation. The degree of matching is liable to change, and the psychological contract is therefore continually being renegotiated, particularly during the progress of a person's career.

The career development perspective taken by Schein sees the continual matching process between the individual and the organization as the key to understanding both human resource planning for the organization and career planning for the individual. This matching is particularly important at certain key transitions in a career, such as initial entry into the organization, moving from technical to managerial work, and changing from being "on the way up" to "leveling off."

A crucial element in the matching is the nature of the career anchor the individual holds. This is the self-perceived set of talents, motives, and attitudes, based on actual experiences, that each individual develops, particularly in the early years of an organizational career. It provides a growing area of stability within the individual's attitudes that anchors the interpretation of career and life options. Typical career anchors found by Schein in a detailed longitudinal study of MIT management graduates include those of technical competence, managerial competence, security, and autonomy. Career anchors affect considerably the way in which individuals see themselves, their jobs, and their organizations. For example, one graduate using a technical competence anchor was still, in mid-career, only concerned with technical tasks. He refused to become involved in aspects of sales or general management even though he was now a director and part owner of the firm in which he worked. Another graduate, using managerial competence as an anchor, left one firm although his bosses were quite pleased with his performance. But he considered that he only actually worked 2 hours a day, and he was not satisfied with that.

The understanding of the dynamics of career development is important in enabling Human Resource Planning and Development to improve the matching processes between individual and organizational needs so that early-, mid-, and late-career crises can be dealt with more effectively.

A distinctive aspect of the way in which an organization functions, which shapes its overall performance as well as the feelings that individuals have about it, is its culture. This is the pattern of basic assumptions developed by an organization as it learns to cope with problems of external adaptation and internal integration. These assumptions are taught to new members as the correct way to perceive, think, and feel in order to be successful. They cover a wide range of issues—for example, how to dress, how much to argue, how far to defer to the boss's authority, and what to reward and what to punish. Organizations develop very wide differences on these topics.

Leaders play a key role in maintaining and transmitting the culture. They do this by a number of powerful mechanisms. What they pay attention to, measure, and control; how they react to a range of crises; whom they recruit, promote, and excommunicate; all these send important messages about the kind of organization they are running. The key to leadership is managing cultural change.

The considerable difficulties that almost inevitably beset the establishment of an effective organization after a merger of two companies underline the need to understand the nature of cultural differences and how

cultural change can be consciously managed. The big danger is that the acquiring company will impose not only its own structures and procedures but also its own philosophy, value systems, and managerial style on a situation for which it has no intuitive "feel." For example, a large packaged foods manufacturer purchased a chain of successful fast-food restaurants. It imposed many of its manufacturing control procedures on the new subsidiary, which drove costs up and restaurant managers out. These were replaced by parent-company managers who did not really understand the technology and hence were unable to make effective use of the marketing techniques. Despite 10 years of effort, they could not run it profitably, and it had to be sold at a considerable loss.

Similar problems occur when organizations diversify into new product lines, new areas, or new markets. Afterward, managers frequently say that cultural incompatibilities were at the root of the troubles, but somehow these factors rarely get taken into account at the time. One reason is that the culture of an organization is so pervasive that it is very difficult for members to identify its components in their own situation. They only recognize their own characteristics when they run up against problems because of differences in others. Schein presents a series of diagnostic procedures that would enable managers (usually with the help of an outside consultant) to uncover the cultural assumptions of their own organization and thus to gain insight into its compatibility with others.

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Frederick Herzberg

Frederick Herzberg (1923–2000) was Distinguished Professor of Management at the University of Utah. After training as a psychologist, he studied industrial mental health. For many years he conducted, with

colleagues and students, a program of research and application on human motivation in the work situation and its effects on the individual's job satisfaction and mental health. He questions whether current methods of organizing work in business and industry are appropriate for people's total needs and happiness.

Herzberg and his colleagues conducted a survey of 200 engineers and accountants representing a cross-section of Pittsburgh industry. They were asked to remember times when they felt exceptionally good about their jobs. The investigators probed for the reasons why the respondents felt as they did and asked for a description of the sequence of events that gave that feeling. The questions were then repeated for sequences of events that made them feel exceptionally bad about their jobs. The responses were then classified by topic to determine what types of events led to job satisfaction and to job dissatisfaction.

The major finding of the study was that the events that led to satisfaction were of quite a different kind from those that led to dissatisfaction. Five factors stood out as strong determinants of job satisfaction: achievement, recognition, the attraction of the work itself, responsibility, and advancement. Lack of these five factors, though, was mentioned very infrequently in regard to job dissatisfaction. When the reasons for the dissatisfaction were analyzed, they were found to be concerned with different factors: company policy and administration, supervision, salary, interpersonal relations, and working conditions. Because such distinctly separate factors were found to be associated with job satisfaction and job dissatisfaction, Herzberg concludes that these two feelings are not the opposites of one another; rather, they are concerned with two different ranges of human needs.

The set of factors associated with job dissatisfaction are those stemming from the individual's overriding need to avoid physical and social deprivation. Using a biblical analogy, Herzberg relates these to the Adam conception of the nature of humanity. When Adam was expelled from the Garden of Eden, he was immediately faced with the task of satisfying the needs that stemmed from his animal nature: food, warmth, avoidance of pain, safety, security, belongingness, and so on. Ever since then, people have had to concern themselves with the satisfaction of these needs, together with those that, as a result of social conditioning, have been added to them. Thus, for example, we have learned that, in certain economies, the satisfaction of these needs makes it necessary to earn money, which has, therefore, become a specific motivating drive.

In contrast, the factors associated with job satisfaction are those stemming from people's need to realize their human potential for perfection. In biblical terms, this is the Abraham conception of human nature. Abraham was created in the image of God. He was capable of great accomplishments, development, growth, transcending his environmental limitations, and self-realization. People have these aspects to their natures, too; they are, indeed, the characteristically human ones. They have needs to understand, to achieve, and, through achievement, to experience psychological growth; these needs are very powerful motivating drives.

Both the Adam and the Abraham natures look for satisfaction in work, but they do so in different ranges of factors. The Adam nature seeks the avoidance of dissatisfaction and is basically concerned with the job environment. It requires effective company policies, working conditions, security, pay, and so on, and is affected by inadequacies in these. Because they are extrinsic to the job itself, Herzberg refers to them as job hygiene or maintenance factors. Just as lack of hygiene will cause disease but the presence of hygienic conditions will not, of itself, produce health, so lack of adequate job hygiene will cause dissatisfaction but its presence will not, of itself, cause satisfaction. Satisfaction in work is provided through the Abraham nature, which is concerned with the job content of the work itself, achievement, recognition, responsibility, advancement, and so on. These are the motivator or growth factors, and their presence will cause satisfaction. Their absence will not cause dissatisfaction (if the job hygiene factors are adequate) but will lead to an absence of positive satisfactions. It is thus basic to Herzberg's approach that job satisfaction and job dissatisfaction are not opposites because they are concerned with different factors in work serving different aspects of human nature. The opposite of job satisfaction, therefore, is not job dissatisfaction but simply no job satisfaction. The opposite of job dissatisfaction, similarly, is lack of job dissatisfaction.

This finding of the original study—that the factors associated with job satisfaction were basically different in kind from those associated with job dissatisfaction—has been repeated in several subsequent studies. Collating the information based on 12 different investigations, involving more than 1,600 employees in a variety of jobs in business and other organizations and in a number of countries, Herzberg presents results to show that the overwhelming majority of the factors contributing to job satisfaction (81%) were the motivators concerned with growth and development. A large majority of the factors contributing to job dissatisfaction (69%) involved hygiene or environmental maintenance.

How, then, may this motivation-hygiene approach be used to increase the motivation and job satisfaction of employees? First, it is clear that this cannot be done through the job hygiene factors. Certainly, these can and should be improved because they will reduce job dissatisfaction, but adequate company policies, working conditions, pay, and supervision are increasingly thought of as a right to be expected, not as an incentive to greater achievement and satisfaction. For this, the rewarding nature of the work itself, recognition, responsibility, and opportunities for achievement and advancement are necessary. Herzberg recognizes that these phrases may be used nowadays in relation to jobs, but they are often used in a superficial way or as inspirational talk without much effective action. He therefore advocates an industrial engineering approach based on the design of jobs but from the opposite point of view from that of Taylor (see chapter 3). Instead of rationalizing and simplifying the work to increase efficiency, the motivation-hygiene theory suggests that jobs be enriched to include the motivating factors to bring about an effective use of people and increase job satisfaction.

The principles of job enrichment require that the job be developed to include new aspects that provide the opportunity for the employee's psychological growth. It is important that the new aspects are capable of allowing this. Merely to add one undemanding job to another (as is often the case with job enlargement) or to switch from one undemanding job to another (as in job rotation) is not adequate. These examples are merely horizontal job loading. In contrast, job enrichment calls for vertical job loading, in which opportunities for achievement, responsibility, recognition, growth, and learning are designed into the job. The approach would be to look for ways of removing some controls while retaining or increasing individuals' accountability for their own work, giving a person a complete natural unit of work, granting additional authority to an employee in the job, increasing job freedom, making reports directly available to the worker personally rather than to the supervisor, and introducing new and more difficult tasks not previously undertaken.

A number of experiments have been reported by Herzberg and his colleagues in which these changes have been introduced with considerable effect. For example, in a study of the job of stockholder correspondent of a large corporation, the following suggestions were considered but rejected as involving merely horizontal job loading: (a) firm, fixed quotas could be set for letters to be answered each day; (b) the employees could type the letters themselves as well as compose them; (c) all difficult inquiries could be channeled to a few workers so that the rest could achieve high rates of

output; and (d) the workers could be rotated through units handling different inquiries and then sent back to their own units. Instead, changes leading to the enrichment of jobs were introduced, such as: (a) correspondents were made directly responsible for the quality and accuracy of letters, which were sent out directly over their names (previously a verifier had checked all letters, and the supervisor had rechecked and signed them and was responsible for their quality and accuracy); (b) subject matter experts were appointed within each unit for other members to consult (previously, the supervisor had dealt with all difficult and specialized questions); and (c) verification of experienced workers' letters was dropped from 100% to 10%, and correspondents were encouraged to answer letters in a more personalized way instead of relying on standard forms. In these ways, the jobs were enriched, with resulting increases in both performance and job satisfaction.

In other studies, laboratory technicians (experimental officers) were encouraged to write personal project reports, in addition to those of the supervising scientists, and were authorized to requisition materials and equipment directly; sales representatives were made wholly responsible for determining the calling frequencies on their customers and were given a discretionary range of about 10% on the prices of most products; and factory supervisors were authorized to modify schedules, to hire labor against agreed manning targets, to appoint their deputies, and so on. In each case, the results in both performance and satisfaction were considerable.

The more subordinates' jobs become enriched, the more superfluous does on-the-job supervision in the old sense become. But this does not downgrade the supervisors' jobs; in the companies studied, they found themselves free to develop more important aspects of their jobs with a greater managerial component than they had had time to before. It soon becomes clear that supervising people who have authority of their own is a more demanding, rewarding, and enjoyable task than checking on every move of circumscribed automatons. For management, the challenge is task organization to call out the motivators, and task support to provide adequate hygiene through company policy, technical supervision, working conditions, and so on, thus satisfying both the Adam and the Abraham natures of humanity in work.

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Eric Trist and the Work of the Tavistock Institute

Eric Trist (1909–1993) was a social psychologist who, for more than 20 years, was the senior member of the Tavistock Institute of Human Relations, London, a leading center for the application of social science to social and industrial problems. He subsequently was a Professor at the University of Pennsylvania and at York University, Ontario. At the Tavistock, he conducted, with a number of colleagues (including F. E. Emery, A. K. Rice, and E. J. Miller), a program of combined research and consultancy investigations into group and organizational functioning. This combination of research and consultancy is referred to as action research. The work of Trist and his colleagues uses a systems approach to understanding organizational behavior.

In collaboration with K. W. Bamforth (an ex-miner), Trist studied the effects of mechanization in British coal mining. With the advent of coal cutters and mechanical conveyors, the degree of technical complexity of coal getting was raised to a higher level. Mechanization made possible the working of a single long face in place of a series of short faces, but this technological change had a number of social and psychological consequences for the work organization and the worker's place in it, to which little thought was given before the change was introduced. The pattern of organization in shortwall working was based on a small artisan group of a skilled man and his mate, assisted by one or more laborers. The basic pattern around which the work relationships in the longwall method were organized is the coal-face group of 40 to 50 men, their shot-firer, and deputies (supervisors). Thus, the basic unit in mining took on the characteristics in size and structure of a small factory department and, in doing so, disrupted the traditional high degree of job autonomy and close work relationships with a number of deleterious effects.

The mass production character of the longwall method necessitates a large-scale mobile layout advancing along the seam, basic task specialization according to shift, and very specific job roles with different methods of

payment within each shift. In these circumstances, there are considerable problems of maintaining effective communications and good working relations between 40 men spatially spread over 200 yards in a tunnel and temporally spread over 24 hours in three successive shifts. From the production engineering point of view, it is possible to write an equation that 200 tons equals 40 men over 200 yards over 24 hours, but the psychological and social problems raised are of a new order when the work organization transcends the limits of the traditional, small face-to-face group undertaking the complete task itself. With the social integration of the previous small groups having been disrupted by the new technology, and little attempt being made to achieve any new integration, many symptoms of social stress occur. Informal cliques, which develop to help each other out, can only occur over small parts of the face, inevitably leaving some isolated; individuals react defensively, using petty deceptions with regard to timekeeping and reporting of work; they compete for allocation to the best workplaces; and mutual scapegoating occurs across shifts, each blaming the other for inadequacies (because, with the new system's decreased autonomy, no one individual can normally be pinpointed with the blame, scapegoating of the absent shift becomes self-perpetuating and resolves nothing). Absenteeism becomes a way for the miner to compensate himself for the difficulties of the job.

This study of the effects of technological change led Trist to develop the concept of the working group as being neither a technical system nor a social system, but an interdependent sociotechnical system. The technological demands place limits on the type of work organization possible, but the work organization has social and psychological properties of its own that are independent of the technology. From this point of view, it makes as little sense to regard social relationships as being determined by the technology as it does to regard the way in which a job is performed as being determined by the social-psychological characteristics of the workers. The social and technical requirements are mutually interactive, and they must also have economic validity. The attainment of optimum conditions for any one of these three aspects does not necessarily result in optimum conditions for the system as a whole because interference will occur if the others are inadequate. The aim should be joint optimization.

In further studies of mining, Trist found that it was possible, within the same technological and economic constraints, to operate different systems of work organization with different social and psychological effects, thus underlining the considerable degree of organizational choice available to

management to enable them to take account of the social and psychological aspects. A form of operation known as the composite longwall method was developed that enabled mining to benefit from the new technology while at the same time allowed some characteristics of the shortwall method to be continued. In the composite system, groups of men are responsible for the whole task, allocate themselves to shifts and to jobs within the shift, and are paid on a group bonus. Thus, the problems of overspecialized work roles, segregation of tasks across shifts with consequent scapegoating, and lack of group cohesion were overcome. For example, it became common for a subgroup that had finished its scheduled work for a shift before time to carry on with the next activity in the sequence to help those men on the subsequent shift who were members of their group. The composite longwall method was quite comparable in technological terms with the conventional longwall method, but it led to greater productivity, lower cost, considerably less absenteeism and accidents, and greater work satisfaction because it was a sociotechnical system that was better geared to the workers' social and psychological needs for job autonomy and close working relationships.

This sociotechnical system approach was also applied to supervisory roles by Rice in studies of an Indian textile firm. He found that it was not enough to allocate to the supervisor a list of responsibilities (see Fayol, chapter 3) and perhaps to insist on a particular style of handling workers (see Likert & McGregor). The supervisor's problems arise from a need to control and coordinate a system of worker-task relationships, and in particular to manage the boundary conditions, that is, those activities of this system that relate it to the larger system of which it is a part. To do this effectively, it is necessary to have an easily identifiable arrangement of tasks so that it is possible to maximize the autonomous responsibility of the group itself for its own internal control, thus freeing the supervisor for the key task of boundary management.

In an automatic weaving shed, for example, in which the occupational roles had remained unchanged since hand weaving, the activities of the shed were broken down into component tasks, with the number of workers required determined by work studies of the separate tasks. Those in different occupational tasks worked on different numbers of looms: weavers operated 24 or 32, battery fillers charged the batteries of 48, smash hands served 75, jobbers 112, the bobbin carrier 224, and so on. This apportionment resulted in the shift manager's having to interact on the job regularly with all the remaining 28 workers on the shift, jobbers having to interact with 14, smash hands with 9, a weaver with 7, and so on, all on the basis of

individual interactions aggregated together only at the level of the whole shift, with no stable internal group structure. Rice carried through a reorganization to create four groups of six workers, each with a group leader, and each with an identifiable group task and a new set of interdependent work roles to carry it out. The boundaries of these groups were more easily delineated, and thus the work leader's task in their management was facilitated. As a result, there was a considerable and sustained improvement in efficiency and a decrease in damage.

These studies and others of the Tavistock Institute have led Emery and Trist to conceptualize the enterprise as an open sociotechnical system—"open" because it is a system concerned with obtaining inputs from its environment and exporting outputs to its environment, as well as operating the conversion process in between. They regard the organization not in terms of a closed physical system that can obtain a stable resolution of forces in static equilibrium but in the light of the biological concept of an open system (due to von Bertalanffy) in which the equilibrium obtained by the organism or the organization is essentially dynamic, having a continual interchange across the boundaries with its environment. Indeed, they would regard the primary task of the management of the enterprise as a whole as that of relating the total system to its environment through the regulation of the boundary interchanges rather than that of internal regulation. A management that takes its environment as given and concentrates on organizing internally in the most efficient way is pursuing a dangerous course. This does not mean that top management should not be involved in internal problems, but that such involvement must be oriented to the environmental opportunities and demands.

The problem is that environments are changing at an increasing rate and toward increasing complexity. Environmental factors over which the organization has no control, or even knowledge, may interact to cause significant changes. Emery and Trist have classified environments according to their degree of complexity from that of a placid, randomized environment (corresponding to the economist's perfect competition) to that of a turbulent field in which significant variances arise not only from competitive organizations involved but also from the field (e.g., market) itself.

They present a case history of an organization that failed to appreciate that its environment was changing from a relatively placid to a relatively turbulent one. This company in the British food canning industry had, for a long period, held 65% of the market for its main product—a canned vegetable. On this basis, the company invested in a new automatic factory and,

in doing so, incorporated an inbuilt rigidity—the necessity for long runs. But even while the factory was being built, several changes in the environment were taking place over which the organization had no control. The development of frozen foods, and the increasing affluence that enabled more people to afford them, presented consumers with an alternative. Greater direct competition came from the existence of surplus crops that U.S. frozen food manufacturers sold off very cheaply because of their inappropriateness for freezing, their use by a number of small British fruit canning firms with surplus capacity because of the seasonal nature of imported fruit, and the development of supermarkets and chain stores with a wish to sell more goods under their house names. As the small canners provided an extremely inexpensive article (having no marketing costs and a less expensive raw material), they were able within 3 years to capture more than 50% of a shrinking market through supermarkets' own label channels. This is a clear example of the way in which environmental factors interact directly to produce a considerable turbulence in the field of the organization's operations, which, in the case of the vegetable canning factory, required a large redefinition of the firm's purpose, market, and product mix before a new dynamic equilibrium was obtained.

Emery and Trist maintain that enterprises like the food cannery are designing their organizational structures to be appropriate to simpler environments rather than the complex turbulent ones they are actually facing. A new design principle is now required. Organizations by their very nature require what is known in systems theory and information theory as redundancy. By this is meant duplication, replaceability, and interchangeability, and these resources are needed to reduce error in the face of variability and change. The traditional technocratic bureaucracy is based on redundancy of parts. The parts are broken down so that the ultimate elements are as simple as possible; thus, an unskilled worker in a narrow job who is inexpensive to replace and who takes little time to train would be regarded as an ideal job design. But this approach also requires reliable control systems—often cumbersome and costly.

An alternative design, based on the redundancy of functions, is appropriate to turbulent environments. In this approach, individuals and units have wide repertoires of activities to cope with change, and they are self-regulating. For the individual, they create roles rather than mere jobs; for the organization, they bring into being a variety-increasing system rather than the traditional control by variety reduction. For this approach to be achieved, there has to be continuing development of appropriate new values

concerned with improving the quality of working life by keeping the technological determinants of worker behavior to a minimum to satisfy social and psychological needs by the involvement of all involved. Autonomous working groups, collaboration rather than competition (between as well as within organizations), and reduction of hierarchical emphasis are some of the requirements for operating effectively in modern turbulence. Table 4.1 sets out the key features of the old and new approaches.

The sociotechnical systems approach to jointly achieving effective functioning in a turbulent environment and to increasing the quality of working life has also been undertaken at a wider macro-social level. For example, working with the Norwegian social psychologists E. Thorsrud and P. G. Herbst, the Tavistock group has studied the Norwegian shipping industry.

Many technological designs are available for sophisticated bulk carriers. The one chosen was the one that best met the social and psychological needs of the small shipboard community that had to live together in

Table 4.1 Features of Old and New Approaches

Old Approach	*New Approach*
The technological imperative	People as extensions of machines
People as expendable spare parts	Maximum task breakdown, simple narrow skills
External controls (supervisors, specialist staffs, procedures)	
Tall organization chart, autocratic style	Competition, gamesmanship
Organization's purposes only	Alienation
Low risk-taking	
Joint optimization	
People as complementary to machines	People as a resource to be developed
Optimum task grouping, multiple broad skills	
Internal controls (self-regulating subsystems)	
Flat organization chart, participative style	Collaboration, collegiality
Members' and society's purposes also	Commitment
Innovation	

SOURCE: Trist (1981).

isolated conditions 24 hours a day for considerable periods while efficiently achieving the work tasks. A common mess and a recreation room were established, deck and engine-room crews were integrated, and status differences between officers and men were reduced and even eliminated through the development of open career lines and the establishment of "all officer" ships. Also, training for future jobs onshore could begin at sea.

Without these improvements in the quality of working life, not enough Norwegians would have gone to sea to sustain the Norwegian Merchant Marine, which is critical for Norway's economy. Poorly educated and transient foreign crews could not cope with technically sophisticated ships, and alcoholism was dangerously high. These issues could not have been effectively tackled by any one single company; all firms in the industry, several seafaring unions, and a number of maritime regulatory organizations all had to be involved to sustain the macro-social system development that was required.

The work of Trist and the Tavistock group has been most consistent in applying systems thinking over a large range of sites: the primary work system, the whole organization system, and the macro-social domain. In doing so, they have illuminated the dynamic nature of organizations and their functioning, the crucial importance of boundary management, and the need for a new approach to organizational design that can accommodate environmental change.

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Rosabeth Moss Kanter

Rosabeth Moss Kanter is a Professor of Business Administration at the Harvard Business School and a consultant to many organizations. A sociologist working in the tradition of Max Weber (see chapter 1), she has carried out a historical study of U.S. work communes. Her detailed study of the human aspects of the functioning of a major present-day U.S. manufacturing company, *Men and Women of the Corporation*, was the 1977 winner of the C. Wright Mills Award for the best book on social issues.

The study focused on three key roles in the company (code-named the Industrial Supply Corporation [Indsco]): those of managers, secretaries, and wives. The managers, with a small minority of exceptions, were men, and the secretaries and wives were women; Kanter's work analyzes their relationships. On one hand, it might seem strange to consider wives as part of the corporation, but in fact (though not in theory) this is how they were defined and treated. On the other hand, the husbands of the relatively rare female managers were not put in this position; they were considered to be independent of Indsco.

Managers, particularly as they rise to the top, are required to cope with increasing uncertainty. Greater routinization applies primarily to the lower levels; managers have to be allowed to exercise discretion. They are, therefore, the recipients of the owners' and main board's trust. At Indsco, the top managers inevitably chose people like themselves in whom to put this trust. The managers spent a lot of time interacting with each other—between one third and one half of their time actually in meetings. Interacting with people like oneself is always easier, and there was a decided wish to avoid those with whom communication was felt to be uncomfortable. Deviants and nonconformists were suspect; those who dressed differently raised questions because of the messages they might be conveying. Predictability had the highest value. It was acceptable to be somewhat controversial as long as the manager was consistent and fitted in with the basic values of hard work (staying late at the office if necessary, or taking work home) and loyalty (being committed to a long-term career with the company).

The response to the uncertainties of performance and the need for easy communication are great pressures for management to become a closed circle. Homogeneity is the prime criterion for selection, and social conformity a standard for conduct. Women were clearly put in the category of the incomprehensible and unpredictable and, with rare exceptions, were excluded. Many managers reported that they felt uncomfortable dealing with them. "It took more time," "They changed their minds all the time," and "I'm always making assumptions that turn out to be wrong" were typical comments. Some managers were prepared to admit that this was really saying something about themselves, but this then became another example of their preference for dealing with their own kind.

The secretary had a very distinctive role in the corporation. She has been defined as the "office wife." This is a revealing analogy because the term *wife* denotes a traditional, not a bureaucratic, relationship (using Weber's terms; see chapter 1). The secretarial promotion ladder (a bureaucratic component of the role) was very short; most women got there before the age of 30 and were then stuck. The only way forward was a promotion in the status of her boss. This status determined both the formal rank and the actual power of the secretary; the tasks remained more or less the same at all levels.

The secretary, therefore, had to live her organizational life through her boss. In Weber's terms, this is the patrimonial traditional pattern even though it is embedded in a formal bureaucratic system. Very untypically in a bureaucracy where people normally work with those just above and just below themselves in status and salary, the boss-secretary relationship allows two people working closely together to have very wide discrepancies in remuneration. The relationship encourages considerable dependency, and secretaries are expected to show loyalty and devotion to their bosses. They are expected to value such nonmaterial rewards as prestige, personal feelings of being wanted and "loved," and having a salary rather than wages (even though that salary may be less than many wages).

Although the corporate wife had no official employment relationship with Indsco, she still had a clear career progression. There were three phases, each with its own problems. The first was the technical phase, corresponding to the husband's specialist or early managerial job. At that stage, he is engaged in a job, extremely demanding of time and energy, in which she can play no part. Conversely, he is underinvolved at home, and she tends to leave him out of the activities there. This mutual exclusion is the major strain and resentment.

The second was the managerial phase of the wife's career, which came when the husband entered middle and upper management and she was

expected to perform social and hostess duties. At this stage, her behavior, her social adequacy, has a considerable bearing on the progress of her husband's career. Friendships are no longer just a personal matter but have business implications—as, for example, when an old friendship between two of the managers and their wives had to be dropped because one manager now far outranked the other. Gossip is important, and every wife is faced with the problem of how far she is going to let her true feelings determine her social life and how far to let her relationships be determined by company political considerations.

The third phase was the institutional phase, with the husband at the top of the organization or in a position where he must represent it to the outside. Here, the issue for both husband and wife is the public nature of almost all their activities. What for others would be defined as pleasure (e.g., playing golf, attending a symphony concert, giving a party) are part of the business and indeed are allowable for tax deduction as a business expense. Charitable and community service activities, wherein the wife's role is especially prominent, may generate useful business. The corporation and its needs and relationships pervade the couple's whole life. Yet because so much of the top manager's work is concerned with evaluating and being evaluated on personal grounds of trust and integrity, the wife is faced with the task of carrying out these activities as though they were highly personal, not ritualistic and contrived. Her job is to contribute to the image of her husband as a whole, real man. Top wives also have to suppress their private beliefs, and one wife, for example, told how proud she was that she never at any time during her husband's career unburdened herself of her private views to anyone.

From her study of Indsco, Kanter sees three important general needs for change in the modern industrial corporation: (a) improving the quality of working life (to stem the steady decrease in the number of those who say their jobs are satisfying), (b) creating equal employment opportunities for women and minorities, and (c) opening opportunities and releasing aspirations for employees to make better use of their talents in contributing to the corporation. To achieve these objectives, changes in organizational structures are needed.

One way to enhance opportunities would be to open the circle of management to promotion from a wider range of personnel—for example, women and clerical workers. This should be based on their appraised competence to do such jobs and ignore the segregated and restricted career paths that trap them in lower level jobs. Changes would be required in the appraisal, promotion, and career systems and in the design of jobs. Ways

need to be found to create intermediate jobs that would act as career bridges into management.

Then, empowering strategies concerned with flattening the hierarchy, decentralization, and creating autonomous work groups are necessary. Number-balancing strategies would aim to raise the proportion of women and other minorities in higher jobs. It is important to combat tokenism by ensuring that several such group members, not just a single representative, are hired and later promoted at the same time. All these strategies for change are required if affirmative action policies are to be effective.

But Kanter is well aware of the difficulties in getting change in large corporations, and this awareness led her on to a study of "change masters"—corporate entrepreneurs capable of anticipating the need for and of leading productive change. She carried out an in-depth study of 10 major companies, each with a well-known reputation for progressive human resources policies. The companies included General Electric, General Motors, Honeywell, Polaroid, and Wang Laboratories.

By examining in detail 115 innovations and the factors that encouraged them, Kanter found a crucial distinction between organizations that can and do innovate and those whose style of thought is against change and prevents innovation. Innovative firms have an integrative approach to problems. They have a willingness to see problems as wholes and in their solutions to move beyond received wisdom, to challenge established practices. Entrepreneurial organizations are willing to operate at the edges of their competence, dealing with what they do not yet know (e.g., new investments, new markets, new products). They do not measure themselves by the standards of the past but by their visions of the future.

They contrast very strongly with firms with a segmentalist approach. These see problems as narrowly as possible, independently of their context. Companies like this are likely to have segmented structures: many compartments strongly walled off from one another—production department from marketing department, corporate managers from divisional managers, management from labor, and men from women. As soon as a problem is identified, it is broken up and the parts dealt with by the appropriate departments. Little or no effort is given to the problem as an integrated whole. As a segmentalist manager, you are not going to start dealing with others' aspects of the problem, and you would regard it as a personal failure if they were to start worrying about yours. So, entrepreneurial spirit is stifled and the solution is unlikely to be innovative. It will follow the solid structure laid down. (This analysis is comparable to the organic versus mechanistic distinction of Burns [see chapter 2].)

In describing cases of integrative organizations in which innovations thrive, Kanter suggests a number of important elements necessary to reduce the segmentalism apparent in so many noninnovative, older, troubled firms. The aim is to reawaken the spirit of enterprise and to arouse the potential entrepreneurs that exist in all organizations. The methods include encouragement of a culture and of pride in the firm's own achievements, reduction of layers in the hierarchy, improvement of lateral communication, and giving of increased information about company plans. Decentralization is very important, as is the empowerment of entrepreneurial people lower down the organization to have the authority and the resources to exploit their ideas—even if this means cutting across established segments and boundaries.

In later books, Kanter elaborates the need for organizations to change in order to be successful. They have to employ the four Fs: being focused, fast, friendly, and flexible. The focused aspect means developing internal synergies in leaner, more integrated organizations. This involves encouraging cooperative efforts in a less diversified business that can apply one unit's competence to another's problems. They are also fast in actively promoting "newstreams," that is, creating official channels to speed the flow of new business possibilities within the firm. Thus, the opportunities for innovation extend well beyond the research and development department, and many more people at more levels are given the chance to lead new projects, thus encouraging "interpreneurship." Friendly companies find it easier to establish working alliances with other organizations. This allows them to extend their range without increasing in size. It gives them information access, windows on technology, speed of action, and mutual accommodation to innovation. Flexible organizations have given up bureaucracy, have reduced hierarchy, and work flexibly with a smaller fixed core of employees and a larger number of partnership ties.

This all adds up to a new approach of postentrepreneurial management based on three principles:

1. Minimize obligations and maximize options. Keep fixed costs low and use variable means to achieve goals.
2. Derive power through influence and alliances rather than full control or total ownership.
3. Keep things moving by encouraging continuous regrouping of people, functions, and products to produce innovative combinations.

In this way, top mangers will inspire in their employees the confidence that is necessary to turn an organization around toward an upward cycle of success.

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