

*In memory of my parents
Idris and Rachel Morgan*

IMAGES OF ORGANIZATION

Updated Edition of the International Bestseller

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Interests, Conflict, and Power

Organizations as Political Systems

I live in a democratic society. Why should I have to obey the orders of my boss eight hours a day? He acts like a bloody dictator, ordering us around and telling us what we should be thinking and doing. What right does he have to act in this way? The company pays our wages, but does this mean it has the right to command all our beliefs and feelings? It certainly has no right to reduce us to robots who must obey every command.

This rather angry comment of a factory worker exasperated by the grinding and oppressive experience of daily work life captures an aspect of organization that has escaped us up to now. He recognizes that his rights as a citizen and as a paid employee are in conflict with each other. As a citizen in a democratic society he is theoretically free to hold his own opinions, make his own decisions, and be treated as an equal. As an

employee he is denied all these rights. He is expected to keep his mouth shut, do what he is told, and submit to the will of his superior. For eight hours a day, five days a week, he is expected to forget about democracy and get on with his work. His only democratic right rests in the freedom to find another job and move on. Or as his manager put it, "You can vote with your feet. If you don't like it here, you don't have to stay."

The situation described is an extreme one. Not all organizations are characterized by such entrenched relations between managers and workers or by such dictatorial modes of rule. But the situation is more common than we often like to think, especially in industrial organizations where battle lines have developed between labor and management. Typical or not, the point of our illustration is that it invites us to understand organizations as political systems.

Managers frequently talk about authority, power, and superior-subordinate relations. It takes but a small step to recognize these as political issues involving the activities of rulers and ruled. If we develop this idea, it is clear that we can understand organizations as systems of government that vary according to the political principles employed.

Some, like the one considered above, may be highly authoritarian while others may be model democracies. By recognizing that organization is intrinsically political, in the sense that ways must be found to create order and direction among people with potentially diverse and conflicting interests, much can be learned about the problems and legitimacy of management as a process of government and about the relation between organization and society.

The political metaphor can also be used to unravel the politics of day-to-day organizational life. Most people working in an organization readily admit in private that they are surrounded by forms of "wheeling and dealing" through which different people attempt to advance specific interests. However, this kind of activity is rarely discussed in public. The idea that organizations are supposed to be rational enterprises in which their members seek common goals tends to discourage discussion of political motive. Politics, in short, is seen as a dirty word.

This is unfortunate because it often prevents us from recognizing that politics and politicking may be an essential aspect of organizational life and not necessarily an optional and dysfunctional extra. In this regard, it is useful to remember that in its original meaning the idea of politics stems from the view that, where interests are divergent, society should provide a means of allowing individuals to reconcile their differences through consultation and negotiation. For example, in ancient Greece, Aristotle advocated politics as a means of reconciling the need for unity in the Greek *polis* (city-state) with the fact that the *polis* was an "aggregate

of many members." Politics, for him, provided a means of creating order out of diversity while avoiding forms of totalitarian rule. Political science and many systems of government have built on this basic idea, advocating politics and the recognition of the interplay of competing interests as a means of creating a noncoercive form of social order.

By attempting to understand organizations as systems of government and by attempting to unravel the detailed politics of organizational life, we are able to grasp important qualities of organization that are often glossed over or ignored.

Organizations as Systems of Government

In April 1979, *BusinessWeek* ran a cover story on the Ford Motor Company. The cover featured a cartoon of Henry Ford II sitting in a throne-like driving seat with a driving wheel between his hands. Behind the throne stands a shadowy figure—we are left to guess who. The prominent Ford-like nose suggests that it may be Henry Ford I, founder of the Ford dynasty, scrutinizing the way his grandson was driving the company. The focus of the story was on the problem of succession. After thirty-four years as chief executive officer, Henry II was contemplating retirement, but there was no obvious successor capable of taking the wheel. Up until his demotion and dismissal in summer 1978, the popular candidate had been Lee Iacocca, the highly successful Ford executive who later became head of Chrysler. The firing of Iacocca added depth to the imagery conveyed in the cartoon, for it symbolized the authoritarian nature of Ford under the two Henrys. Iacocca's dismissal was merely the most recent and controversial in a list of firings that had included the names of seven company presidents since 1960. Iacocca was a popular and powerful figure at the Ford company but obviously not popular where it mattered most: His dismissal was solely linked to the fact that he did not have Henry II's approval. Henry II is reported as having presented an "it's him or me" ultimatum to his board's organization review committee and won. The formal reason given by Henry II to *BusinessWeek* was that Iacocca did not fit into his way of looking at things. Informally, it is speculated that Iacocca's fate was sealed by the fact that he had become too powerful within the company. Although the guiding philosophy of Ford was reported to be toward a General Motors style of "group management," *BusinessWeek* stated that it believed Henry had found it difficult to reconcile himself with the loss of personal power that this kind of decentralization involved.

The story at Ford is by no means unique. Many organizations are ruled by authoritarian managers who wield considerable power as a result of their personal characteristics, family ties, or skill in building influence and prestige within the organization. Obvious examples are the owner-operated firm where the principle that "It's my business and I'll do as I like" holds sway; the family business ruled through "iron hands" that respect family interest and tradition above all else; large corporations such as ITT under Harold Gencens; and business firms, labor unions, and even voluntary organizations or clubs dominated by self-perpetuating oligarchies. The basis of day-to-day order in these organizations tends to be autocratic rather than democratic in that the ultimate power to shape action rests in the hands of a single individual or group, who typically makes all the important decisions. Although it is rare in practice to find an organization that is completely autocratic, many organizations have strong autocratic tendencies and characteristics.

When we summon terms like autocracy and democracy to describe the nature of an organization we are implicitly drawing parallels between organizations and political systems. As indicated in Exhibit 6.1, we do the same when we talk about organizations as bureaucracies or technocracies because in each case we are characterizing the organization in terms of a particular style of political rule. In each of these words the suffix *cracy*, which derives from the Greek *kratein*, meaning power or rule, is coupled with a prefix that indicates the precise nature of the power or rule employed. Thus, the word autocracy signifies the kind of absolute and often dictatorial power associated with ruling by oneself. In a bureaucracy, rule is associated with use of the written word and is exercised by bureaucrats who sit behind their *burrows*, or desks, making and administering the rules that are to guide organizational activity. Power and accountability in such organizations are intimately connected with one's knowledge and use of the rules and with the lawlike form of administration that this implies.

In technocratic organizations, such as the flexible and ever-changing firms that thrive in the electronics industry and other turbulent environments, power and accountability are directly linked to one's technical knowledge and expertise. Whereas in autocracies and bureaucracies the pattern of power and authority is fairly stable and clearly defined, in technocracies it is often in flux as different individuals and groups rise and decline in power along with the value of their technical contributions. Power and influence often tend to follow the "whiz kids" and other knowledgeable people who seem capable of addressing dominant concerns or of opening new paths to corporate fame and fortune.

Organizations, like governments, employ some system of "rule" as a means of creating and maintaining order among their members. Political analysis can thus make a valuable contribution to organizational analysis. The following are among the most common varieties of political rule found in organizations:

Autocracy: absolute government where power is held by an individual or small group and supported by control of critical resources, property or ownership rights, tradition, charisma, and other claims to personal privilege

Bureaucracy: rule exercised through use of the written word, which provides the basis for a rational-legal type of authority, or "rule of law"

Technocracy: rule exercised through use of knowledge, expert power, and the ability to solve relevant problems

Codetermination: the form of rule where opposing parties combine in the joint management of mutual interests, as in coalition government or corporatism, each party drawing on a specific power base

Representative democracy: rule exercised through the election of officers mandated to act on behalf of the electorate and who hold office for a specified time period or so long as they command the support of the electorate, as in parliamentary government and forms of worker control and shareholder control in industry

Direct democracy: the system where everyone has an equal right to rule and is involved in all decision making, as in many communal organizations such as cooperatives and kibbutzim. It encourages self-organization as a key mode of organizing

It is rare to find organizations that use just one of these different kinds of rule. More often, mixed types are found in practice. For example, although some organizations are more autocratic, more bureaucratic, or more democratic than others, they often contain elements of other systems as well. One of the tasks of political analysis is to discover which principles are in evidence, where, when, why, and how.

Exhibit 6.1 Organizations and Modes of Political Rule

Finally, in democratic organizations, the power to rule rests with the *demos*, or populace. This power may be exercised through representative forms of management, where different stakeholders are formally represented in decision-making processes, as in systems of codetermination or

coalition government and in forms of worker or shareholder control. Democratic power may also be exercised directly through participative forms of rule where everyone shares in the management process.

Many people hold the belief that there is a separation between business and politics and that they should be kept apart. Hence, when someone proposes the idea that workers should sit on boards of directors or that there is a case for employee control of industry, that person is often viewed as taking an unwarranted political stand. However, the foregoing discussion shows that this interpretation is not quite correct. The person advocating the case of employee rights or industrial democracy is not introducing a political issue so much as arguing for a different approach to a situation that is already political. Organizations that are autocratic, bureaucratic, or technocratic have as much political significance as those dominated by systems of worker control. Their political nature is simply of a different kind, drawing on different principles of legitimacy.

The system of industrial codetermination that developed in West Germany and other European countries after World War II explicitly recognizes the rival claims to legitimate rule that can be advanced by owners of capital, on the one hand, and by employees, on the other. Under this system, owners and employees codetermine the future of their organizations by sharing power and decision making. The system varies widely in application. For example, in Germany, codetermination varies from industry to industry. In the coal and steel industries, legislation dating from the 1950s provides for the appointment of supervisory boards comprising eleven members, five to be elected by shareholders and five by employees, the remaining member being appointed by the other ten. The supervisory board is then responsible for appointing a managing board of three members to run the day-to-day affairs of the organization. One member of this board must be a business specialist, another a production specialist, and the other a trade unionist. Elections to these boards are held every three years. The boards are designed to give capital and labor equal rights, although many would argue that this does not always work out in practice. A modification of the codetermination principle in other European and North American countries is found in the appointment of worker directors, as in Denmark, Norway, and Sweden, where a certain number of seats on corporate boards are usually allocated to union representatives. Another application of the principle is found in the forms of corporatism where management, unions, and government join together to consult and collaborate with each other on issues of mutual interest.

Although such developments recognize the rights of labor to participate in the management of an enterprise, they have not always been readily embraced by those in the labor movement. The reason for this is found

in another political principle: that in healthy systems of government those in power should be held in check by some form of opposition. Many people concerned with the rights of labor fear that direct involvement in the management process creates a situation that co-opts or incorporates, and hence reduces, the power of dissent. By being a part of a decision-making process one loses one's right to oppose the decisions that are made. Many advocates of labor rights have thus suggested that employee interests can best be protected through associations such as labor unions or professional bodies that adopt an oppositional role in order to shape policy without owning it.

This problem of "incorporation" often accompanies changes in organization favoring increased employee participation in decision making. The fear of many opponents of such changes is that employees will be allowed to exercise their democratic rights in decisions of minor importance while being excluded from major ones. "We're allowed to choose the color of the wallpaper but little else" is a familiar complaint. As these critics see it, partial movements toward industrial democracy are often motivated by a managerial intent to divert or diffuse potential opposition by sharing the less important aspects of control. For these reasons, advocates of industrial democracy suggest that participation is not enough and that organizations should move toward styles of management based on fully developed forms of workers' control.

These have been widely employed in Eastern European countries such as the former Yugoslavia, where workers elected their managers and where the principle of self-management provided a key organizational value. This kind of system differs from schemes of codetermination that recognize that owners of capital and labor have equal rights by dissolving the distinction between capital and labor. In countries where industry is state owned, this form of self-management is fairly easily achieved, but elsewhere it has run into difficulties from those who wish to protect the rights of owners.

The most obvious large-scale experiments in workers' control in capitalist countries have occurred in ailing firms and industries where changes in fortune have increased the probability of unemployment and plant closures and prompted the desire of owners to sell their interest in the organization. The employee response has occasionally been to buy and run the company, often with mixed success, partly because the organizations are in declining industries and partly because of the problems of co-option that arise when workers become or appoint managers of an organization operating in a capitalist system. Like other managers in nondemocratic organizations, they find that survival in the system calls for certain kinds of action that are not always popular with their fellow

owner-employees. The system has a logic of its own, and being an owner does not necessarily imply freedom of action.

Whether we are discussing the management of the Ford Motor Company under a member of the Ford dynasty or the management of a worker-controlled cooperative, it is clear that organizational choice always implies political choice. Although the language of organization theory often presents ideas relating to the management and motivation of people at work in relatively neutral terms—for example, as issues of leadership style, autonomy, participation, and employer-employee relations—they are by no means as neutral as they seem. In understanding organizations as political systems we have a means of exploring the political significance of these issues and the general relation between politics and organization.

Organizations as Systems of Political Activity

An analysis of organization from the perspective of comparative government can place our understanding of organizations in a refreshing perspective. However, in order to understand the day-to-day political dynamics of organization, it is also necessary to explore the detailed processes through which people engage in politics. For this purpose, it is useful to return to Aristotle's idea that politics stems from a diversity of interests, and trace how this diversity gives rise to the "wheeling and dealing," negotiation, and other processes of coalition building and mutual influence that shape so much of organizational life.

An organization's politics is most clearly manifest in the conflicts and power plays that sometimes occupy center stage, and in the countless interpersonal intrigues that provide diversions in the flow of organizational activity. More fundamentally, however, politics occurs on an ongoing basis, often in a way that is invisible to all but those directly involved.

We can analyze organizational politics in a systematic way by focusing on relations between *interests*, *conflict*, and *power*. Organizational politics arise when people think differently and want to act differently. This diversity creates a tension that must be resolved through political means. As we have already seen, there are many ways in which this can be done: autocratically ("We'll do it this way"); bureaucratically ("We're supposed to do it this way"); technocratically ("It's best to do it this way"); or democratically ("How shall we do it?"). In each case the choice between alternative paths of action usually hinges on the power relations between the actors involved. By focusing on how divergent interests give rise to

conflicts, visible and invisible, that are resolved or perpetuated by various kinds of power play, we can make the analysis of organizational politics as rigorous as the analysis of any other aspect of organizational life.

ANALYZING INTERESTS

In talking about "interests" we are talking about predispositions embracing goals, values, desires, expectations, and other orientations and inclinations that lead a person to act in one way rather than another. In everyday life we tend to think of interests in a spatial way: as areas of concern that we wish to preserve or enlarge or as positions that we wish to protect or achieve. We live "in" our interests, often see others as "encroaching" on them, and readily engage in defenses or attacks designed to sustain or improve our position. The flow of politics is intimately connected with this way of positioning ourselves.

There are many ways in which we can define and analyze this pursuit and defense of interests. One way that has particular relevance for understanding organizational politics is to conceive interests in terms of three interconnected domains relating to one's organizational task, career, and personal life (Exhibit 6.2). *Task interests* are connected with the work one has to perform. The manager of a production plant has to ensure that products are produced in a timely and efficient manner. A salesperson must sell his or her quota of goods and sustain customer relations. An accountant must maintain appropriate records and produce regular accounts. However, work life always involves more than just doing one's job. Employees bring to the workplace aspirations and visions as to what their future may hold, providing the basis for *career interests* that may be independent of the job being performed. They also bring their personalities, private attitudes, values, preferences, and beliefs and sets of commitments from outside work, allowing these *extramural interests* to shape the way they act in relation to both job and career.

The relations among the three sets of interests are best understood if we examine a specific situation. Consider, for example, the position of a corporate executive working in a large organization. He may be highly committed to his job, ambitious, and also highly involved with family life. In his work experience, he may desire to manage all three: to do a good job, move ahead in the organization, and strike a reasonable balance between work and leisure so that he can spend weekends and most evenings with his family. In some situations, all three may coincide; in others, two spheres of interest may be compatible; whereas in others, the different interests may have no relation with each other. Life runs very smoothly for the executive in the first case (e.g., he gets a great idea that