Organizations in a Changing World*

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Organizations today are under challenge as a result of the break with traditional authority, the growth of democratic ideology, economic affluence and consequent changes in needs and motive patterns, and the accelerated rate of change. Adaptive subsystems have not kept pace with other organizational subsystems, and hence new inputs tend to be either rejected in blanket fashion or else incorporated without assimilation to the dominant patterns. Organizational leaders are preoccupied with their tasks of mediation between conflicting demands, and the problem of the reconceptualization of values has been left to the rebelling factions. There is hope, however, that a new consensus may emerge about organizational restructuring which acknowledges both the role of direct democracy in the smaller units and representative democracy in the larger system.

Our nation has been aptly characterized as an *organizational society* (Presthus, 1962). Most of our working hours are spent in one organizational context or another. If the dominant institution of the feudal period was the church, of the early period of nationalism the political state, the dominant structure of our time is the organization. Even among those in revolt the old union line still works: "Organize the guys."

But organization forms today are under challenge and with-

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out creative modification may face difficulties in survival. On the one hand they are growing in size and complexity, with criss-crossing relationships with other systems and with increasing problems of coordination, integration, and adaptation. The traditional answer in organization structure is on the technical side, *more* computerized programs for feedback and coordination, *more* specialization of function, *more* centralization of control. Yet the social and psychological changes in the culture are increasingly at odds with the technological solution calling for more and more of the same. Technological efficiency far surpasses social efficiency in most cases, even though neither is a substitute for the other from the standpoint of organizational effectiveness; and the gap is widening so as to generate serious conflict within the system.

THE MAINTENANCE AND INTEGRATION OF THE SYSTEM

Before exploring this conflict and its implications in greater detail, let us examine briefly the structure and functioning of organizations as open social systems. We can distinguish among the subsystems which comprise the larger structure (Katz & Kahn, 1966). The production, or instrumental, subsystem is concerned with the basic type of work that gets done, with the "throughput"—the modification of inputs which result in products or services. Attached to the productive subsystem are the supportive services of procurement of supplies, material and resources, and the disposal of the outputs.

The maintenance, or social, subsystem is concerned not with the physical plant but with the social structure, so that the identity of the system in relation both to its basic objectives and the environment is preserved. People not only have to be attracted to the system and remain in it for some period of time but they have to function in roles which are essential to the mission of the organization. The maintenance subsystem is concerned with rewards and sanctions and with system norms and values that ensure the continuity of the role structure. In short, its function has to do with the psychological cement that holds the organizational structure together, with the integration of the individual into the system. The channeling of collective effort in reliable and predictable pathways is the basis of organizational structure.

The managerial subsystem cuts across all other subsystems as a mechanism of control, coordination, and decision making and as a mechanism for integrating the instrumental and maintenance functions of the organization. To meet environmental changes both with respect to inputs and receptivity for outputs and to handle system strains, the managerial subsystem develops adaptive structures of staff members as in the case of research, development, marketing, and planning operations.

Let us look at the maintenance function more closely, however, before considering the adaptation problem in the light of major societal changes. Over time it requires more than sheer police power and coercive sanctions. It depends upon some degree of integration or involvement of people in terms of their own needs. Values, norms, and roles tie people into the system at different psychological levels and in different ways (Parsons, 1960).

Values provide the deepest basis of commitment by their rational and moral statement of the goals of a group or system. To the extent that these values are accepted by individuals as their own beliefs, we speak of the internalization of group goals. The degree of internalization will vary among the members of any group, but it is important for all organizations to have some hard core of people dedicated to their mission both for accomplishment of many types of tasks and as models for others. Such value commitment can come about through self-selection into the system of those possessing beliefs congruent with its goals, through socialization in the general society or in the organization, and through participation in the rewards and decision making of the group. The internalization of group goals is facilitated by the perception of progress toward these objectives. Such progress is interpreted as an empirical validation of values.

Normative involvement refers to the acceptance of system requirements about specific forms of behavior. These requirements are seen as legitimate because rules are perceived as necessary and because in general the rules are equitable. A particular demand by a particular officer may be seen as unjust, but in general there is acceptance of the need for directives from

those in positions of authority, provided that they have attained their positions properly and that they stay within their areas of jurisdiction in the exercise of their authority. In complex organizations, such as universities, hospitals, and industrial firms, the rules of the game can be improved, but they are universalistic and do not permit particularistic favoritism or discrimination.

At the level of *role behavior* people make the system function because of their interdependence with others, the rewards for performing their roles, and the socio-emotional satisfactions from being part of a role-interdependent group. In carrying out their roles, organizational members at all times but in varying degrees are interdependent both functionally and psychologically. Not all role performance provides expressive gratifications, however, and hence other rewards such as monetary incentives and opportunities for individual achievement, as well as group accomplishment and socio-emotional satisfactions, can be linked to adequate behavior in the given role. In most large organizations extrinsic rewards of pay, good working conditions, and so on are relied on heavily.

It is apparent that these three levels of member involvement are not necessarily intrinsically related. The values of a particular organization may have little to do with many of the roles in the system, and the norms of legitimacy are not necessarily specific to organizational values. A research organization may furnish a nice fit among values, norms, and roles for its research workers but a poor fit for its supportive personnel. Few organizations, however, can rely on value commitment alone to hold their members, and hence they maximize other conditions and rewards to compete with other systems. The development of universalistic norms under the impact of bureaucratic organization forms has provided great mobility for people in an expanding economic society, and thus has contributed to its growth—at the expense of value commitment.

In a well-integrated system, however, there is some relationship among these levels so that they are mutually reinforcing. In an ideal hospital, even the attendant can be affected by the values of saving lives and improving health, can perceive the

normative requirements as necessary and fair, and derive satisfaction from his role, particularly if he is made part of a therapy team. Values can contribute to the strength of the normative system in providing a broader framework of justifiable beliefs about the rightness of given norms. Thus norms can be seen not only as equitable rules but as embodiments of justice and of equality. The strength of maintenance forces lies in the many mechanisms for supporting the role structure and for some degree of mutual reinforcement.

THE IMPACT OF SOCIETAL CHANGES ON ORGANIZATIONS

The problem of how to organize human effort most effectively in complex, specialized organizations within a rapidly changing sociocultural environment, while maintaining the integrity of the system, is of utmost significance and concern everywhere in our time. Its solution generally demands greater social-psychological sophistication, however, rather than a more sophisticated work technology (Georgopoulos, 1970). It requires social organization innovations and the testing of new forms and patterns of organization, or at least significantly modified organizational structures than those now in operation (Georgopoulos, 1969; Likert, 1967). It will not be achieved at acceptable levels simply by an even more perfect technology at our disposal. As profound changes continue to occur in society at rapid but uneven rates, organizational viability and effectiveness are in jeopardy unless the social efficiency of the system can more clearly match its technological efficiency in the vast majority of organizations, and unless the adaptability of organizations can be improved well beyond current levels.

Four major changes have occurred in our society which challenge both the production and social subsystems of organizations: (a) a break, at first gradual and now pronounced, with traditional authority and the growth of democratic ideology; (b) economic growth and affluence; (c) the resultant changes in needs and motive patterns; and (d) the accelerated rate of change. These changes are significant for organizations, since as open systems organizations are in continuing interaction with their environment both with respect to production inputs of material resources and social inputs from the culture and from the larger social structure.

Weakened Traditional Authority Forces

The break with the older pattern of authority has eroded some of the formerly dependable maintenance processes of organizations. Bureaucratic systems had long profited from the socialization practices of traditional society, in which values and legitimacy had a moral basis of an absolutist character. It was morally wrong to reject in word or deed the traditional teachings about American institutions. It was wrong to seek change other than through established channels. Not everyone, of course, lived up to the precepts, but deviance was easy to define and highly visible, and those who deviated generally felt guilty about their misconduct. If they did not, they were considered to be psychopaths. Organizations had the advantage of a degree of built-in conformity to their norms and in some cases to their values because of the general socialization in the society about agreed-on standards. This consensus, moreover, made nonconformity a matter of conscience. There was an all-or-none quality about virtue, honesty, and justice, and these values were not seen as relativistic or empirical generalizations. Member compliance with organizational norms and values no longer can be sustained on the basis of authority (Etzioni, 1964; Georgopoulos, 1966; Georgopoulos & Matejko, 1967).

The very growth of bureaucratic systems helped to demolish absolutist values of a moral character. As conscious attempts to organize collective enterprises, organizations were guided by rational objectives and empirical feedback. Pragmatism replaced tradition. Results and accomplishment were the criteria rather than internal moral principle. Furthermore, the normative system shifted, as Weber (1947) noted, from traditional authority to rational authority. Rules and laws were the instruments of men to achieve their purposes and lacked any transcendental quality. They could be changed at will as situations and needs changed or they become ineffective. Having undercut the traditional basis of authority, the bureaucratic system can no longer rely upon the older moral commitment to its directives.

The growth of organizations affected the larger society and its socialization practices and in turn was affected by it. The training of children in a rational and democratic framework

further increased a nontraditional orientation to values and norms.

The decline of traditional authority has been accompanied by the growth of the Democratic Ethic and democratic practices. The source of power has been shifting from the heads of hierarchies and from oligarchies to the larger electorate. This process can be observed in the political system where restrictions have been removed on suffrage. Nonproperty owners, women, and now blacks are eligible to vote. Indirect mechanisms of control from above are changing as in the political conventions of major parties. Democratic ideas of governance have extended into other institutions as well.

Economic Growth and Affluence

The tremendous technological advances which have increased the productivity of the nation need no documentation. We are already using the phrase "postindustrial society" to characterize our era. This development raises questions about the basic functions of colleges and universities. Havighurst (1967) has pointed out that in the past, two functions have been dominant: the *opportunity function* and the *production function.* Education was a means of social mobility, the opportunity function. On the production side, education provided the training for professional, technical, and industrial roles in the society. Today, however, when we are over the economic hump, these two functions are less important and a third function comes to the fore: the *consumption function.* "Education as a consumption good is something people want to enjoy, rather than to use as a means of greater economic production" (Havighurst, 1967, p. 516). This means not only greater attention to the arts but also greater concern with education as it relates to living here and now.

One reason why the demands of black students are often easier to deal with in spite of the rhetoric is that they are directed in good part to the opportunity and production functions. These are understandable issues in our established ways of operating. Demands on the consumption side present new problems. For the blacks, however, there is sometimes the complexity of attempting to achieve all three objectives at the same time.

The case of educational institutions, moreover, is not unique. The interests and expectations of consumers of goods and services no longer remain disregarded either by industry or government. Outside pressures and demands are increasingly responded to with greater attention by most organizations, however inadequately or belatedly. In the health care field, for example, hospitals slowly are becoming more responsive to the health care expectations of an increasingly better educated and more demanding clientèle who now see comprehensive health care as a right. At the same time, as the costs of care continue to rise at staggering rates, the quest for quality care is accompanied by demands for public controls, higher organizational efficiency, and even reorganization of the entire health system (Bugbee, 1969; McNerney, 1969; Sibery, 1969; TIME, 1969; U.S. News and World Report, 1969). Hospitals are being pressured from all directions to innovate and experiment with new patterns of internal social organization and more effective forms of operation in the areas of administration, staffing, organizational rewards for members, community relations, and the utilization of both new health knowledge and new social-psychological knowledge (Georgopoulos, 1964, 1969). As a consequence, they are being forced to be not only more community-oriented but also more sensitive to the interests and contributions of their various groups of members at all levels (Georgopoulos & Matejko, 1967). More generally, partly as a result of affluence and economic growth, organizations in all areas are becoming more open systems and less immune to social forces in their environment.

Resultant Changes in Motive Patterns

Economic affluence and the decline in traditional authority are related to a shift in motive patterns in our society. Maslow (1943) developed the notion years ago of a hierarchy of motives ranging from biological needs, through security, love, and belongingness, to ego needs of self-esteem, self-development, and self-actualization. His thesis was that the motives at the bottom of the hierarchy were imperative in their demands and made the higher level motives relatively ineffectual. Once these lower level needs are assured satisfaction, however, the higher level needs take over and become all-important.

Maslow's thesis has abundant support among the young people in our educational system. They are less concerned with traditional economic careers than was once the case. A recent study reported only 14 per cent of the graduates of a leading university planning business careers, compared with 39 per cent five years earlier and 70 per cent in 1928 (Marrow, Bowers, & Seashore, 1967). Engineering schools similarly are experiencing falling enrollments.

Our society has been called, with considerable justification, the *achieving society* (McClelland, 1961). The content analysis of children's readers by de Charms and Moeller (1962) shows that a great rise in achievement themes occurred in the last part of the 19th century, but a great decline in this emphasis has occurred in recent decades.

The decline in the older motive patterns has one direct consequence for all organizations. Extrinsic rewards such as pay, job security, fringe benefits, and conditions of work are no longer so attractive. Younger people are demanding intrinsic job satisfactions as well. They are less likely to accept the notion of deferring gratifications in the interests of some distant career.

In most organizations today the dominant motives of members are the higher-order ego and social motives—particularly those for personal gratification, independence, self-expression, power, and self-actualization (Argyris, 1964; Blake & Mouton, 1968; Georgopoulos, 1970; Georgopoulos & Matejko, 1967; Herzberg, 1968; Likert, 1967; Marrow, Bowers, & Seashore, 1967; McGregor, 1960; Schein, 1965). Increasingly, expressive needs and the pursuit of immediate and intrinsic rewards are outstripping economic achievement motives in importance, both in the work situation and outside. Correspondingly, the dominant incentives and rewards required for member compliance, role performance, and organizational effectiveness are social and psychological rather than economic (Blake & Mouton, 1968; Etzioni, 1964; Georgopoulos, 1970; Georgopoulos & Matejko, 1967; Herzberg, 1968; Likert, 1967; Marrow, Bowers, & Seashore, 1967; McGregor, 1960). Even at the rank-and-file level, where economic motives are especially strong, there is

now more concern on the part of unions for other than bread-and-butter issues, and contract negotiations often stall on matters of policy, control, and work rules rather than money. As a result of these shifts, there is pressure for a place in the decision-making structure of the system from all groups and members in organizations, and there is a growing need for meaningful participation in the affairs of the organization by all concerned at all levels.

The forms which newly aroused ego motives take can vary, but at present there are a number of patterns familiar to all of us. First there is the emphasis upon self-determination or self-expression, or "doing one's thing." Second is the demand for self-development and self-actualization, making the most of one's own talents and abilities. Third is the unleashing of power drives. The hippies represent the first emphasis of self-expression, some of the leftist leaders the emphasis upon power. Fourth is the outcome of the other three, a blanket rejection of established values—a revolutionary attack upon the existing system as exploitative and repressive of the needs of individuals.

With the need for self-expression goes the ideology of the importance of spontaneity; of the wholeness of human experience; the reliance upon emotions; and the attack upon the fragmentation, the depersonalization, and the restrictions of the present social forms. It contributes to the anti-intellectualism of the student movement and is reminiscent of the romanticism of an older period in which Wordsworth spoke of the intellect as that false secondary power which multiplies delusions. Rationality is regarded as rationalization.

Accelerated Rate of Change

Not only are we witnessing significant shifts in the economic and value patterns of society but they are happening at a very fast rate. Probably there has always been some conflict between the older and younger generations, but in the past there has been more time to socialize children into older patterns and the patterns were of longer duration, thus preventing serious lags and social dislocation. History is becoming less relevant for predicting change. It is difficult to know what the generation now entering high school will be like when they enter college.

All organizations face a period of trouble and turmoil because of these changes, which affect all three levels of integration in social systems. Some of the basic values of the social system are under fire, such as representative democracy of the traditional, complex type, the belief in private property, conventional morality, the importance of work and of economic achievement, the good life as the conventional enjoyment of the products of mass culture. The Protestant Ethic (Weber, 1958) is no longer pervasive and paramount in our society.

The norms legitimized by societal values of orderly procedures and of conformity to existing rules until they are changed by socially sanctioned procedures are also brought into question. The rebels emphasize not law and order but justice, and justice as they happen to see it. It is interesting that President Nixon, the spokesman for the Establishment, modified his plea for law and order by stressing law, order, and justice. The challenge to the norms of any system is especially serious, since it is genuinely revolutionary or anarchistic in implication, whether voiced by official revolutionaries or reformers. If the legitimate channels for change are abandoned and the resort is to direct action, then people are going outside the system. If enough do, the system collapses.

At the level of role integration there is also real difficulty. As has already been noted, extrinsic rewards have lost some of their importance in our affluent society. Moreover, the usual set of roles in an organization segmentalize individuals, and our ever-advancing technology adds to the problem. A role is only partially inclusive of personality at most levels of the organization. This fractionation runs counter to the needs for wholeness and for self-expression. Increasing specialization everywhere exacerbates the problem (Etzioni, 1964; Georgopoulos, 1966; Georgopoulos, 1970; Georgopoulos & Mann, 1962; Likert, 1967; J. D. Thompson, 1967; V. Thompson, 1961). It engenders coordination and integration difficulties for organizations and their members because it results in greater organizational complexity and more intensive interdependence among unlike participants who must relate to one another and to the system and whose efforts must be collectively regulated

(Georgopoulos, 1966; Georgopoulos & Mann, 1962; Morton, 1964; V. Thompson, 1961; Wieland, 1965). Role specialization is the main social invention available with which man can cope with the problems of the explosion of knowledge in our times, for specialization makes possible both the utilization of available knowledge and the development of new knowledge. But, at the same time, specialization leads to fractionation and diversity that make the integration of members into the system all the more difficult to attain.

In linking the changed patterns of many of the younger generation to societal changes, we want to emphasize that it is an error to simplify the problem as a younger-older generation conflict. It is broader and deeper than that, and many of the developing trends predate the present student generation. In fact, the revolt started with people now in their sixties, if not earlier. *We* were the ones to attack the inequities of bureaucratic society, the ones to raise children in democratic practices and to think for themselves. The older generations furnished the ideology of the present student movements. Try to find any ideology in these movements which is not a bastardized version of old revolutionary and romantic doctrines. *We* started the rebellion and now we are astonished to find that we are the "establishment."

This is one reason why organizations have been so vulnerable to attack. Older citizens do not rally to their support because they feel that the rebels are in good part right. Or else why should we so often hear it stated, "We agree with your objectives but we don't like your tactics"? Nathan Glazer (1969) has shown, however, that this vague sentiment is based upon a failure to come to grips with the significant issues.

THE PROBLEM OF ADAPTATION

The dynamic nature of our society makes imperative greater attention to processes of adaptation. In the past, industrial organizations, because of their dependence upon a market, have developed adaptive subsystems of planning, research, and development. The major emphasis has been, however, upon production inputs, upon product development, upon finding new markets and exploiting old ones, upon technology in improving their productive system. Only minor attention has been

placed upon social inputs or upon restructuring the organization to meet the psychological needs of members. Technological innovation without social innovation has been the rule, and exclusive concern with technical and economic efficiency has undermined the social and psychological efficiency of the system to the detriment of organizational effectiveness and adaptability.

Traditionally, organizations have shown much more concern for the technology of work than for their social inputs and human assets. They have been more concerned with providing a safe and attractive physical work environment than with creating and maintaining an equally attractive social and psychological work climate for the members. With the emphasis for technical and economic efficiency, they have paid much more attention to recruiting and selecting members with the "proper" training and aptitude for filling inflexibly defined jobs than to problems of member attitudes, needs, and values. The approach has been to fit the man to the job rather than the other way around, and organizational role redefinition has been largely disregarded as a problem-solving mechanism. Organizational restructuring to improve the adaptability of the system has been abhorred and resisted. Most organizations have avoided social innovation and renovation and have sought technological innovation as the answer to all of their problems. Correspondingly, in relating to their members, they have been concerned with authority-based, superior–subordinate relations more than with social relations, relying more on economic incentives and rewards and less on social-psychological motivation and compensation.

Because of the changes in society just discussed, however, the situation is now changing within organizations as well. The conditions for effective role performance, job satisfaction, member integration into the system, and organizational effectiveness and adaptability demand different organization–member relations than in the past. For organizations to survive and perform their functions effectively in the future, some sizable proportion of their resources will have to be committed to enlarging their adaptive subsystems to deal more adequately

with external relations and new social inputs. Social effectiveness will have to be added to productive efficiency as an important objective.

Better adaptive subsystems are now needed not only in industrial organizations but in all complex organizations, including educational and health institutions. The case of hospitals is instructive. Continuous progress in medicine, nursing, and allied health professions and occupations, advances in medical technology, the professionalization of hospital administration, and the explosion of knowledge witnessed inside and outside the health field have made a strong impact upon the traditional social organization of the hospital system. The result is a gradual redefinition of the institutional role of the hospital as the health center in the total framework of health-related institutions. Such redefinition, however, is being forced by public expectations and demands from without and pressures from nonmedical members on the prevailing power structure, rather than from planned social innovation within the system (Georgopoulos, 1969; Georgopoulos, 1970; Georgopoulos & Matejko, 1967). Redefinition is taking place and must be accomplished along with proper internal organizational restructuring, however, in the context of current health trends and societal health conceptions—for example, the Medicare program, the recent development of regional medical programs, the growing emphasis on comprehensive health planning, the promulgated national goal of adequate health care for all, and the widespread concern for improvements in care coverage, quality, and cost.

These recent changes in the health field, along with the major changes in society discussed earlier, have strong and concrete implications for the kind of organizational restructuring that is feasible and appropriate for the hospital as a complex, sociotechnical, problem-solving system. Today's hospital is still ruled by three dominant decision-making centers—trustees, physicians, and administrators (Georgopoulos & Mann, 1962; Georgopoulos & Matejko, 1967). The above trends argue, however, for better recognition of the contributions of nurses and nonmedical groups and for a broader base of decision making. They argue for an interaction-influence structure

which transcends the conventional tripartite arrangement and which can truly encompass all participants regardless of their professional affiliation or hierarchical position in the system. The traditional maintenance mechanisms and adaptive structures of the organization (formal authority, rule enforcement, medical dominance, identification with the system primarily on the basis of moral values and service motives, influence and rewards according to professional status and hierarchical position) which have been successful in the past are clearly becoming less and less effective (Georgopoulos, 1969; Georgopoulos & Matejko, 1967). Inside and outside the system the premises of the traditional structure no longer remain unchallenged, and new bases for organizational adaptation are therefore required.

Similar problems, evident in all large-scale organizations, await solution. Without an adequate adaptive subsystem to modify and filter new inputs leading to planned change, two things can happen: The new potential inputs can be summarily rejected; the organizational structure becomes rigid and the problems are postponed and often intensified. Or the inputs slip into the system and are incorporated in undigested fashion; there is erosion of basic values and the system loses its identity. It does not acquire a formal death certificate but for practical purposes it has been replaced. If a university were to accept research inputs uncritically from the Defense Department, for example, it could end up as a branch of the military and not as an institution for advancing science. Sometimes it happens that in organizations the first response of blanket rejection and rigidity cannot be maintained over time and the opposite reaction of wholesale acceptance of any and all demands follows. For example, a university may show rigidity to suggested reforms at first, and then, as pressure mounts, capitulate completely without critical evaluation of the suggested changes. To complicate matters, both rigidity and uncritical incorporation can occur in different parts of the same organization.

Most organizations suffer from a lack of adequate adaptive and integrative structures concerned with their maintenance

subsystems. We should like to indicate some of the lines of inquiry which adaptive subsystems should follow and some directions in restructuring organizations which seem consistent with the present state of knowledge in the field. The views of our critics from the left are at times helpful, though not original, in pointing up vulnerable aspects of bureaucratic structures, but they are singularly lacking in constructive suggestions for reform. Some of them, of course, are not interested in reform, but are committed to destruction of the system. In short, they make no attempt to come to grips with the problems of the one and the many or with the fact that the individual doing *his* "thing" may interfere with other individuals doing *their* "things." Anarchy may have its philosophic appeal, but it cannot be practiced in crowded settings where millions of people live in constant interdependence.

The young dissenters have focused upon some fundamental weaknesses in organizational structure which have been recognized before but which become more critical as the majority of the younger generation no longer finds them acceptable. In the first place, there is a growing dissatisfaction with the fragmentation of life in an organization, with the difficulties of being a whole personality and of finding personal satisfactions in relating to others in impersonal role relationships. The major point is that many organization arrangements and procedures in our society cut the individual into segments in his various role responsibilities. This is especially true once we leave the more satisfying roles for the elite groups at the top of the structure. In this process we move toward a disintegrated personality. Once his wholeness and unity are violated, the individual may become alienated or seek personality expression outside his role responsibilities (Argyris, 1964; McGregor, 1960). Then we attempt artificial devices such as mass leisure pursuits of sports, movies, and television, of company programs of recreation, or even human relations training for supervisors to remedy the weaknesses in the system. But this is the organizational fallacy *par excellence*. Once we have destroyed the integrated individual we no longer have the unified pieces to provide a truly integrated system. It is not like making an automobile out of pieces of steel, rubber, and other materials.

One cannot have a truly integrated social system if the human pieces are not themselves integrated. It is not possible to have a moral society made up of immoral men.

The second major criticism concerns the exploitative character of bureaucratic structures: namely, that the rewards of the system, both intrinsic and extrinsic, go disproportionately to the upper hierarchical levels and that the objectives of organizations are distorted toward the immediate interests of the elite and away from desirable social goals of the many.

ADAPTATION THROUGH STRUCTURAL REFORM

One important line of structural reform which can be significant with respect to the above weaknesses is the fuller extension of democratic principles to the operation of organizations. Many writers on organizations fail to address themselves to this problem in structural terms, but talk about improvement of interpersonal relations, sensitivity training, and consultative practices. The extreme left is also not concerned with democratic reform. Nonetheless, we believe that much can be done in organizational settings through democratic restructuring to improve their social effectiveness—i.e., their psychological returns to their members.

Two issues must be faced in the extension of democratic principles to organizational functioning. One is direct or representative democracy. The second is the appropriate area of decision making for various subgroups in different types of complex systems.

Representative democracy has been under fire because it can be elaborated through complex mechanisms to distort the wishes of the electorate and to give top decision makers great power. Such abuses do not negate its potential virtues. What is critical here is the number of hierarchical levels in the form of a pyramid similar to the administrative structure: for example, what has been the older practice in some states of the elected state legislators in turn electing senators. The general rule of never allowing more than two levels, that of the electorate and that of their duly chosen representatives, is gaining recognition in political organizations and can be applied to other organizations as well since it ensures more responsible and more responsive decision making.

Direct democracy of the town meeting sort is a cumbersome

and ineffective mechanism for many pusposes, once the electorate is numbered in hundreds and thousands. In many of our universities, however, we still persist in town meetings of a faculty of over a thousand. It is small wonder that such meetings get stalemated on details and often fail to come to grips with the central issue. Representative assemblies of a smaller number of democratically elected delegates would be a more effective mechanism for decision making.

Direct democracy, however, is still a necessary part of the picture. In the first place, the full electorate should have the opportunity to veto major policy changes suggested by their elected leaders. In the second place, direct democracy can be more adequately utilized in smaller units of the system. Within a university, for example, there is a greater role for direct democracy at the departmental level than at the university level—although we still have a long way to go to achieve this goal. The great advantage of direct democracy within the smaller unit is that it ties the individual into his own group on matters of direct concern to him and thus permits the possibilities of tying him into the larger system of representative democracy. If he is not integrated through participation in his own group, then he is more likely to be apathetic toward or alienated from the larger structure. Democracy, like charity, begins at home, and in most organizations, home is the functional group where the individual spends most of his time.

An esoteric example of this model of combining direct and indirect democracy is embodied in the kibbutzim of Israel (Golomb, 1968). These utopian communities are remarkable in that they have survived, even prospered, for 60 years under the most difficult circumstances. Each kibbutz is a community with a great deal of autonomy, run by direct democracy, with town meetings, with direct election of all decision-making officers including the farm manager, and with rotation of such officers. In addition, the individual kibbutz belongs to a larger movement which can include 40 or 50 similar communities. The larger movement operates training centers, banking facilities, and other services which the individual community could not afford. The management of the movement is handled

through representative democracy. The sense of community achieved in the small kibbutz contributes to the integration of the individual into the larger system. Remote as this example is from the size and complexity of the American scene, it is of some interest in that the 230 communities of the kibbutz federation involving 90,000 persons have no problems of violence, delinquency, crime, or unemployment. Psychotic breakdown is an unusual event and crime a rare occurrence. Farm productivity is higher than the productivity of private farms in Israel.

A model of this sort combining direct and representative democracy has obvious limitations in its application to large-scale organizations which restrict areas of decision making in many ways. In the first place, a complex system tends to reduce the decision-making powers of any component group, including the top echelon. Even the president of a university will feel that his margin for decision making is within a fairly narrow band of possibilities; the same is true, only more so, of the hospital administrator. And the individual member will feel even less room for meaningful participation for determining policy. In the second place, the administrative agency of a public institution has to operate within the legislation of a representative democracy in which it has had little say. In the third place, activities that have to be thoroughly coordinated on a rigorous time schedule, as in the military or space program, or in the operating room of a hospital, heavily restrict the areas of decision making for component groups.

Nevertheless, we do not take full advantage of the opportunities available within these limitations, nor do we examine the nature of these restrictions to see to what extent they can be made less rigid. Though coordination by experts may be necessary after a policy decision, there is still room for the involvement of people in making that decision and reviewing its outcomes. Though legislation determines objectives there is often considerable leeway in how these directives can be implemented. Though size and complexity limit the amount of decision making possible for any one group, matters that are not of significance to the overall system may loom large

for individuals in their own work setting. For example, we are constantly expanding the plant in many organizations with new buildings and new construction. Yet the people who have to use these facilities are frequently not consulted about them with respect to their own needs and the uses to which the buildings will be put. There are instances of windowless structures dictated by considerations of economy and standardization from above which turn out to be frightfully inefficient. We need to analyze the assumptions about coordination and centralization as demanding decisions only from the top echelons.

The facts are that centralization *de jure* often leads to decentralization *de facto*. We need to be more critical of the whole centralization concept to see where tight controls are really necessary and whether they will be genuinely effective. Even with centralized controls in large organizations it is sometimes true that the right hand does not know what the left hand is doing. Hence the criterion should not be some abstract concept of centralization but objective data about how it operates in practice.

Moreover, we need to distinguish among the types of organizations and their objectives, as between mass-producing and other organizations, and particularly among organizations whose primary output is a physical product, some service, or information. In some organizations there is a necessary coordination of all effort so that there is a convergence of activities upon one outcome, as in the space program's objective of getting men on the moon or in a heart transplant operation. But many organizations do not have single products which require such convergence of the energies of all members of the system. In a university, for example, where we are concerned with training people and extending knowledge, there is a great variety of outcomes and hence much more freedom and degrees of autonomy within the total system. The traditional model of organizational structure deriving from the military and industry is not necessarily the appropriate model for all organizations, nor even for all aspects of industry or the military.

For example, the concept of job enlargement, or that of job

enrichment (Herzberg, 1968), as it is more recently described, has been limited primarily to single roles. There are, however, serious limits beyond which we cannot go with a single job. What *is* possible is group responsibility for a meaningful cycle of work involving a number of related work roles simultaneously. It has been demonstrated by the Tavistock researchers that a cohesive group can be created about a task objective. With some reduction in specialized roles within the group, some rotation of roles, removal of status differences, and responsibility given to the group to get the job done, the results in such widely separated industries as a calico mill in India (Rice, 1958) and a coal mine in Great Britain (Trist, Higgin, Murray, & Pollock, 1963) have been spectacular in the improvement of productivity and morale. The findings are particularly important because they give us new leverage on an old problem. Many jobs in themselves are routine and without challenge. Overall they add up to something significant in the way of performance. If they are not rigorously delimited and assigned to particular people, they can be given to a group with the group itself assuming responsibility for the outcome. Thus the advantages of collective accomplishment become not the ideal of top management but the objective and psychological reality for group members.

Another structural reform to make roles more meaningful has to do with organizational divisions based upon process specialization. Supportive activities today are often separated off from production activities, as when we set apart persons performing a service such as personnel recruitment or typing services in a bureau or section of their own. We organize on the basis of process rather than purpose, to use a distinction made by Aristotle. Then we proceed to institutionalize the separation by removing the given service unit from its production counterpart physically and psychologically. The service people may in fact never have direct personal contact with production people. This separation, which results in overspecialization and unnatural interdependence at work, may be particularly damaging to the morale of various service units since the major production functions enjoy the greater prestige and

often the more rewarding types of work. It is difficult for the girls in a typing pool to identify with their task or with organizational objectives when they have no meaningful relationship to them. Moreover, the service unit split off from major functions develops a compensatory defensive posture which often interferes with the effective functioning of the larger system. Staff-line conflicts in complex organizations are another familiar problem (Dalton, 1950). More generally, as Morton (1964) points out, where organizational members whose work is related are separated with physical barriers, social bonds are essential to effective organizational functioning, and physical bonds are important when members are socially separated.

The type of restructuring that needs to be considered here is the creation of teams and groups for accomplishing an objective in which service people have primary membership in the production unit and secondary membership in a service unit, and sometimes the secondary membership can be dispensed with. Inclusive, common membership at the workgroup level may be similarly desirable for staff and line personnel in most organizations.

We may need more subgroups than we now have because people can identify more readily with one another and with the group task in small settings than in large. What is important, however, is that the subgroups are broadly enough designed with respect to an objective so that people with different skills can cooperate with one another and identify with the group goal. Groups should be small but their task responsibility large. This runs counter to the traditional way of organizing for turning out automobiles, but it may be more appropriate for many types of organizations not mass producing a physical product.

For example, general hospitals in the future may profit greatly from a self-governing structure that would give every professional and occupational group and member the opportunity to participate meaningfully in the decision-making processes of the organization, taking fully into account both the functional and the social-psychological interdependence of

the participants (Georgopoulos, 1969; Georgopoulos, 1970; Georgopoulos & Matejko, 1967). It would seem advantageous to develop decision-making mechanisms on an organization-wide basis, built on the principles of representative democracy and multilevel federalism of semiautonomous small groups that are highly attractive to their members and can contribute effectively to the solution of system problems at the same time. Such an organizational structure would provide for effective representation of all individual members and their respective groups in the system. It could be established so as to take account of group size; the specialized competencies, functions, and interests of members; and of their location in the system in relation to major problems but not solely on the basis of traditional power or formal position in the authority hierarchy. Every new unit probably should consist of a relatively small number of members who would choose their own representative to the next level. The highest unit in the organization would be a Board of Participants (Georgopoulos, 1969).

This Board of Participants, representing the interests of all hospital personnel, and the conventional Board of Trustees, representing the community's interests, would work cooperatively and on a continuing basis on matters of organizational policy, external relations, priorities and objectives for the institution, and major decisions affecting the hospital, its members, and the public (Georgopoulos, 1969). Hospital administration would function as an executive body, charged with the principal managerial, planning, financial, personnel, and coordinative functions, following and implementing the general policies and decisions made jointly by the Board of Trustees and the Board of Participants (on which the administration would be properly represented, as would doctors, nurses, and other groups) of the institution. Other structural models built on the same organizing principles also would be appropriate. The same applies to organizations other than hospitals, of course.

In general, the changes we have been discussing all point toward a looser role system with broader role definitions,

more flexibility and openness of subsystem boundaries, with group responsibility for task objectives. Admittedly, such debureaucratization may add to the noise in the system, but some of what appears to be noise from the point of view of the formal chart maker may be meaningful activity directed toward important goals. It is doubtful whether the true volume of uncertainty in the system would rise very significantly. It should also be remembered that in supposedly tight structures the empirical system may be at variance with the formal organization, with real noise that goes undetected because the formal channels do not code it. What matters is that the facts of functional as well as social-psychological interdependence among the participants in the organization both be taken fully into account.

In a change process the techniques of sensitivity training and of organizational development can be utilized for the full implementation of social reform. These techniques are directed primarily at the improvement of interpersonal relationships and do not in themselves provide for permanent changes in social structure. What is critical is the legitimation of change in institutional arrangements and a restructuring of formal patterns to permit more democratic processes to function. After this has been achieved, methods for improving self-understanding and the understanding of others can help to ensure the success of the structural reforms. To a limited extent they can even prepare the way for these more basic changes.

REFORMULATION OF VALUES FOR SOCIAL REINTEGRATION

We have left to the last the most difficult problem of all: the system values which can bind the individual to the organization and furnish the ideology to justify organizational norms and requirements. Values seldom are static, and our dynamic period with its accelerated changes has seen fundamental challenges to the older belief structure. The task for the adaptive processes of an organization is one of the creative adaptation of central values to changing inputs. Such adaptation means the preservation of the basic nature of the system with modifications which clarify issues but do not destroy the system. Adaptation through genuine participation and active involvement based upon democratic principles and processes can still be successful.

The great need of our time is a reformulation of social values that would make possible a higher level of integration for all social systems. Organizational leaders should play a much more vigorous role as the responsible agents of the adaptive mechanisms in their social structures. In many instances they have given much time and energy to the adaptive function but generally in terms of mediation, negotiation, and compromise in crisis situations. Negotiation and compromise are important, but they are far from a complete answer. Compromise without consideration of principle can merely lead to a new round of demands. Various factions within and without an organization interpret concessions and compromises as an invitation to mobilize their forces for a new offensive. Politics has been called the art of compromise; yet if we rely wholly upon this process we leave everything to power and power-driven individuals. The conceptualization of values and the enunciation of basic principles should not be left to the extremists on either the left or the right. Organizational leadership has a challenge in meeting the rhetoric of the dissidents with a compelling statement of principles and an implementation of them in practice. Many people today are eager for such a formulation of values. When Senator Eugene McCarthy took a clear position on foreign policy, the popular response was of such magnitude as to confound political analysts.

In the past we have been mainly a pragmatic nation, and leaders as well as followers have tended to shy away from ideological discussion. And some of this pragmatic emphasis is to be found in the present demands for relevance and in the anti-intellectualism of the New Left. Nonetheless, values and principles which transcend the single case—the single individual, the single organization, the single faction—are critical to the maintenance of social order. The facts are that there are many assumptions, as well as practices of a moral character in contemporary society, which need reemphasis and reformulation. Without attempting to catalog them, may we cite a few examples?

In the first place, research and observation show that the norm of reciprocity (Gouldner, 1960), of cooperation, of mutual helpfulness, runs wide and deep. Organizations could

not exist without many uncounted acts of cooperation which we take for granted. If people operated merely on a basis of role prescription, organizations would run poorly. And role prescriptions also take account of mutual interdependence. Berkowitz and Daniels (1963) have shown experimentally that people will respond to others who need their help. Hospital studies (Georgopoulos & Mann, 1962; Georgopoulos & Matejko, 1967; Georgopoulos & Wieland, 1964; Wieland, 1965) have shown the importance of this norm for group performance, organizational coordination, and patient care. Studies of citizenship orientation have shown that individuals see themselves as good citizens not if they are flag wavers but if they are cooperative and helpful toward their fellows. We cite this basic value of mutual helpfulness because we lose sight of it in the self-oriented push of some protesters.

In the second place, justice and fairness are not outmoded values. Justice as a value is evident in many forms of social exchange (Blau, 1964), and the underdog elicits sympathy partly because there is an assumption that he has not been fairly treated. In fact, justice and fairness are the ideological weapons of the dissenters, but they have no monopoly on them. It is essential to emphasize the importance of justice and fairness in the operation of an organization and to introduce reforms where inequity is the practice.

In the third place, social responsibility or involvement in matters of more than local concern has a potential that remains to be developed. It is no longer acceptable to brag about one's nonparticipation in political affairs. It is apparently less difficult to recruit candidates for public office than was once the case. There seems to be more concern about national decisions which the "little" people were once content to leave to the authorities. Again, the New Left has taken advantage of this broadened conception of political and social responsibility to urge direct action by students on all types of issues. But again the doctrine of social concern can be formulated to make people more aware of the social consequences of their actions. This social concern, which transcends the individual's own self-oriented needs, is reflected in the positive

esteem achieved by leaders who show humanitarian values. Part of the late Robert Kennedy's popular appeal was the conviction that he was concerned—that he cared about the fate of others.

All of these values are related to, if not an integral part of, the Democratic Ethic which is still our basic creed. We have already noted the development of democratic practices in our political system and their extension to other social institutions. The democratic doctrine is invoked by the left in its attack upon the establishment but not in its own operations and program. With this group the use of democratic phrases seems to be more of a tactic than an ideological commitment. As the right mobilizes, there is some revival of reactionary beliefs. With the increasing polarization, the middle of the spectrum could profit greatly from a reformulation of the democratic creed by those who believe that democracy is not an outmoded concept—in spite of inadequacies in its application. Organization reform needs such a value base both as a set of social principles and as guidelines for action.

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