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CHAPTER 26

THE COLUMBIA SCHOOL AND THE STUDY OF BUREAUCRACIES WHY ORGANIZATIONS HAVE LIVES OF THEIR OWN

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THIS chapter focuses on the work of three scholars, Robert K. Merton and his students Alvin W. Gouldner and Peter M. Blau, who were part of Columbia University's sociology department, Merton as professor, Gouldner and Blau as students. Together with Philip Selznick, Seymour Martin Lipset, James Coleman, and Martin Trow (Selznick 1949, 1957; Lipset 1950; Lipset, Trow, and Coleman 1956), these scholars were the core of the Columbia School of organizational sociology. Along with sociologists and political scientists scattered across America and Europe who studied public administration (e.g. Gulick and Urwick 1937; Anderson and Gaus 1945), and sociology and business professors at Harvard who studied industrial

organization (Mayo 1933; Roethlisberger and Dickson 1939), these Columbia sociologists pioneered the sociological study of organizations.

The work of the Columbia School was rooted in Weberian ideas about bureaucracy, but moved in directions that Weber might not have expected. Rather than focusing on the technical rationality inherent in bureaucracy as celebrated by Weber, these scholars studied the unanticipated consequences of organizational design; in particular, the dysfunctions of bureaucratic organizations that arise from goal displacement. They highlighted conflicts that ensued both within organizations and between organizations and their surroundings. They saw organizations as the crucible of institutionalization: over time, organizations become valued in and of themselves, far beyond the technical merits of the things they do.

Sociologists and scholars in nearby disciplines, such as business and political science, have built extensively on the Columbia School's work, extending our knowledge of organizations in myriad ways. Notwithstanding the many theoretical, methodological, and empirical advances that have been made in the six decades since these men started publishing, their work still resonates. Most notably, reading this work reminds us that although people create organizations to achieve goals that require the joint, sustained, and coordinated efforts of many individuals, these social tools are highly recalcitrant: organizations take on lives of their own and so behave in ways that often surprise, even confound, the men and women who design and manage them (Selznick 1949: 10).

I begin by discussing an essay written by Merton that greatly influenced his students' research. I then examine closely two books that grew out of dissertation research by Gouldner and Blau.¹ Both books respond to Merton's call for developing and testing sociological theories of the middle range, which he defined as logically interconnected sets of propositions derived from assumptions about essential facts that yield empirically testable hypotheses and that deal with delimited aspects of social phenomena (Merton 1968: 39–72). Both books develop, using a mixture of deduction and induction, middle-range theories of organizations. Not surprisingly, given their common intellectual origins, these theories are related, notably by an explicit concern for understanding conflict. But each offers a distinct lesson for contemporary organizational scholars: Gouldner reminds us that culture (meaning the ideas organizational members have about what is good and bad, what is valued and ignored, what should and should not be done) mediates the meaning of all purportedly 'technical' phenomena, including bureaucratic rules,

¹ I originally planned to review books by three of Merton's students, the third being Philip Selznick's (1949) *TVA and the Grassroots*. But I found the chapter growing far too long. I decided to sacrifice breadth for depth. I chose to drop Selznick because his work has been covered by Dick Scott in all editions of his widely used texts on organizational theory (Scott 1981, 1987, 1992, 1998, 2002; Scott and Davis 2007) and institutional analysis (Scott 1995, 2001). For those who seek an introduction to the Columbia School and their impact on organizational sociology that is painted with a broader brush, Mike Reed's chapter in this volume offers a lovely complement to this chapter.

and highlights the importance of the physical world, while Blau shows us the unanticipated consequences of organizational design and demonstrates the prevalence of organizational change that is endogenous, stemming from the shortcomings of bureaucracies themselves rather than from external stimuli.

26.1. ROBERT MERTON: BUREAUCRATIC STRUCTURE AND PERSONALITY

In his essay titled 'Bureaucratic Structure and Personality', Merton described the Weberian ideal-typical bureaucracy and noted its many functional merits—precision, expertise, reliability, and efficiency. (For more on Weber, see the chapters by Clegg and Lounsbury, and du Gay, in this volume.) Merton then pondered what Weber ignored—namely, the *dysfunctions* of bureaucratic organizations, meaning the things they do badly, often for precisely the same reasons that make them so good at other things. Merton called the primary bureaucratic dysfunction *goal displacement*, by which he meant that the members of organizations—officials—inevitably come to value rules and the behavior required by those rules over the objectives that the rules were intended to achieve. Because officials come to value means over ends and rules over performance, they often fail to achieve organizational goals. Merton's own elegant words provide the best explanation of this phenomenon:

[T]his very emphasis . . . develops into rigidities and an inability to adjust readily. Formalism, even ritualism, ensues with an unchallenged insistence upon punctilious adherence to formalized procedures. This may be exaggerated to the point where primary concern with conformity to the rules interferes with the achievement of the purposes of the organization, in which case we have the familiar phenomenon of the technicism or red tape of the official.

(1940: 563)

Why are ideal-typical Weberian bureaucracies and bureaucrats prone to goal displacement? Merton's explanation is as follows: if bureaucracies are to be effective, they must be reliable. Reliability, in turn, requires strict devotion to rules. Over time, devotion to rules leads bureaucrats to treat rules as absolutes rather than instruments: rules come to be conceived as things valued for their own sake rather than as things created to achieve an objective, as symbolic rather than strictly utilitarian. No matter how thoughtful the designers of bureaucracies are, they cannot conceive of all possible circumstances that bureaucracies and their members might face, so they cannot draw up rules that will yield efficient and effective performance under all circumstances. When circumstances change, as they inevitably

do, bureaucrats who value rules for their own sake may not recognize the change because they are narrowly focused on rules, not environments or their organization's performance in its environment. Alternatively, bureaucrats may recognize the change in circumstances but be unwilling to adjust valued rules to suit the new situation. In either case, the very thing that makes bureaucracies perform well—devotion to rules—can make them perform poorly once circumstances change. Moreover, bureaucrats are unlikely to realize that their bureaucracies are not fulfilling their goals, either because they focus on rules rather than the outcomes of following rules, or because they conceive of rules as more important than performance.

Goal displacement is fostered by several features of ideal-typical Weberian bureaucracies. First is the fact that officials expect to make careers—to remain in one bureaucracy for a large part of their work lives, rising through the ranks by following rules, developing expertise, and performing well. Anticipation of a long career increases the value placed on rules—sometimes to the level of sanctifying them—and thus increases conformity to rules. Second, officials come to share a sense of common destiny because they do not compete for promotions: in the ideal-typical Weberian bureaucracy, promotion depends on seniority and technical merit. The group mentality generated by such promotion rules leads officials to reinforce each other's tendencies to value and conform. Members who break rules, specifically by substituting personal for impersonal treatment, even if they do so to improve performance, are resented and chastised by their fellows. Third, the sharp distinction drawn between organizational positions and the people who hold them not only reduces bureaucrats' sense of ownership of their positions, it also reduces their sense of personal responsibility for the consequences of their actions.

Merton concluded by suggesting that sociologists study organizations and the personalities and actions of officials, paying attention to the effects of variations in organizational features, such as different systems of recruitment or different mechanisms for formalizing rules and roles. His students took his suggestion to heart. These pioneering organizational sociologists immersed themselves in a variety of complex organizations and conducted rigorous analyses that were driven by existing theories of organizations. The results of their investigations revolutionized those theories. They all fulfilled Gouldner's (1954a: 9) stated goals: (1) to use Weber's theory of bureaucracy, which had been based on Weber's analysis of the nineteenth-century Prussian army and state bureaus, to shed light on many kinds of twentieth-century organizations, including industrial enterprises, and (2) to use 'data bearing on [bureaucratic] processes' to 'help us to evaluate the theory, to modify and redirect it'. In this regard, Merton's students sought to develop several theories of the middle range—theories that might be specific to the kinds of organizations they studied, in the times and places they studied them—rather than grand theories that had universal applicability.

26.2. ALVIN GOULDNER: PATTERNS OF INDUSTRIAL BUREAUCRACY

Gouldner shared Merton's skepticism of rationality in bureaucracies and his insistence that bureaucracy was not as simple and manifestly functional as proposed by many other interpreters of Weber. Gouldner was interested in three things. First, he wanted to understand how bureaucracy came to be—in particular, how formal rules developed over time. Second, he wanted to know how, in different environments, organizations' goals and everyday operations combined to produce differing levels of bureaucracy. Third, he wanted to understand how bureaucracy was perceived by workers and supervisors. To understand these things, Gouldner and several students interviewed and directly observed workers and supervisors in one plant in an industrial firm, which he called the General Gypsum Company. They also pored over plant and company archives. Most commentaries (e.g. Burawoy 1982; Chriss 2001) have emphasized the dynamic aspect of Gouldner's text. I will seize this opportunity to rebalance our attention and examine both the dynamic and the comparative parts of this study.

26.2.1. Bureaucracy in Dynamic Perspective

The first part of the book examines the aftermath of managerial succession. Before the succession event, the culture in the plant was an 'indulgency pattern', a coherent set of judgments and values that disposed workers to appreciate and trust their supervisors. Central to this culture was the value of 'leniency', which had five behavioral manifestations. First, supervisors did not ride the backs of workers, as long as they kept up with demand; instead, supervisors let workers set their own pace. Supervisors disciplined workers primarily to increase efficiency and workers accepted such discipline without complaint. Second, workers were given second chances: they were rarely fired, never without repeated warnings, and they were often rehired after quitting to take jobs at other plants. Third, workers were allowed to move from job to job, either to experiment until they found one they liked best or to gain the experience needed for promotion. Fourth, injured workers were cared for above and beyond the letter of employment law, by being given physically easy tasks. Fifth, workers were allowed to take materials from the plant to do home repairs. In all these ways, managers gave workers something they did not have to. For their part, workers appreciated these manifestations of leniency as something above and beyond what was rightfully theirs.

The new plant manager instituted many changes that expanded the bureaucracy, primarily by developing new rules and standardized forms. These changes had the intended consequence of restricting workers' freedom and the unintended

consequence of destroying the indulgency culture, in large part by obliterating manifestations of leniency. The opening shot in the war against leniency was to fire a worker who took company materials for personal use, even though his foreman had given him permission. The new manager's approach went far beyond this single decision. He interpreted all plant rules literally and rigorously; for instance, penalizing absenteeism and restricting workers from moving around the plant during rest periods. He also increased formalization through paperwork; for example, by requiring daily and weekly supervisory reports or by developing standardized forms to warn employees of behavioral problems such as disobedience or absence, which created a paper trail that could later justify demotion or firing. He demoted several supervisors, replacing them with new hires who were less socially connected to workers and who therefore tended to view themselves as workers' superiors rather than as their peers or neighbors. Finally, he stopped allowing injured men to work at physically easy tasks, instead forcing them to stay home and take sick pay, which was less remunerative than pay for the physically easy tasks. Not surprisingly, workers responded poorly to this impartial bureaucratization and to the curbing of the freedoms and privileges that the indulgency culture had given them.

The new plant manager did not institute these changes randomly; neither did he do so, Gouldner reported, because he was innately cruel. Instead, the new manager was guided by explicit objectives given to him by headquarters: to increase productivity, which was essential to meet greatly increased post-war demand. Since he came from a plant in another region, the new manager had no ties to the community in which the plant was situated, and thus no social ties to workers. For that reason, he viewed the plant and its employees dispassionately. Indeed, if he had any bias, it was towards the suspicion sown by his superiors in company headquarters that the plant and its workers were not producing at as high a level as they could. Because he was a stranger, the new manager ignored invisible and informal aspects of the organization (its culture) and relied instead on more visible and formal aspects (the bureaucracy he elaborated and tightened) to drive his productivity-focused changes. Gouldner's judgment that the new manager did not act randomly or cruelly is consistent with Hodson's (2001) conclusion, based on a meta-analysis of 156 organizational ethnographies, including Gouldner's, that management is far more often incompetent than evil. (For more on managerial incompetence, see Pfeffer 2007.) Because the new plant manager ignored the plant's existing culture and because workers shared close social ties that made it easy for them to coordinate their actions, workers not only resented the changes he made but also were able to mount a debilitating strike, which Gouldner reported in a companion volume (Gouldner 1954*b*).

Gouldner's analysis of the impact of bureaucratization on this plant highlighted omissions and tensions in Weber's model of bureaucracy. First, Weber never considered that responses to bureaucracy might be different for organizational members in different ranks. But Gouldner found that the gypsum plant's new manager and

the new men he hired to report directly to him viewed increases in bureaucracy as efficient and just; workers, however, viewed these new managers as usurping their previously granted privileges. Second, Weber did not consider that the effectiveness of bureaucracy might depend on the way rules were put in place—that is, by imposition from above or agreement among all affected parties. Gouldner's analysis suggested that process matters: participative and consultative decision-making styles are more likely to produce compliance than authoritative styles. Third, Weber did not consider bureaucracies as dynamic systems whose evolution was subject to path dependence. Gouldner's study revealed that rules have a history: who initiates them, why, and how determines how, and how well, they are understood and accepted.

26.2.2. Bureaucracy in Comparative Perspective

The plant Gouldner studied contained two distinct units: a factory on the surface that manufactured wallboard and a mine underground that provided the basic raw material, gypsum ore. Gouldner's analysis highlighted many not-so-subtle differences between the tasks, structures, and cultures of these two units, which allowed him to assess the extent of bureaucratization in the cross-section as well as before and after managerial succession.

The mine was a much less formally structured workplace than the factory and so had a much less formal culture. There were four main differences in structure and attendant culture between mine and factory. First, the hierarchical distance between workers and supervisors was less in the mine than in the factory; indeed, Gouldner (1954a: 108) reported that miners looked on their supervisors 'in much the manner that the stars of a show look upon the stagehands'. Miners often enlisted each other's help on complicated tasks without consulting supervisors; such circumvention of official channels of command almost never happened in the factory. Second, miners' spheres of competency were more diffuse than those in the factory. Miners often repaired the machines they used; in the factory, such work was done only by maintenance mechanics, who jealously guarded their specialty. Miners also relieved each other for lunch and coffee breaks, and so frequently worked at many different jobs; factory workers did not, unless they were searching for better-fitting jobs or augmenting their skills to ensure promotion. Third, miners were overtly hostile to rules, including planning and work schedules; factory workers were much more rule-bound, although, as explained above, they were seldom held to the letter of these laws, at least before the new plant manager arrived. In other words, the zone of indifference or acceptance, meaning the range within which each worker would willingly accept orders without consciously questioning authority (Barnard 1938; Simon [1946] 1976), was larger for plant workers than for miners. Fourth, relations between men in the mine were far more personal than those between men in the factory. All miners, up to and including the mine's general manager, were given

nicknames derived from their speech, behavior, or appearance; in contrast, very few factory workers, and certainly no supervisors, were called by nicknames. Taken together, these differences in structure and culture led miners to develop a far greater feeling of social solidarity and group cohesion than factory workers.

Comparing the extent of bureaucratization over time (before and after the new manager arrived) and in the cross-section (between the factory and the plant) allowed Gouldner to highlight an important ambiguity in Weber's conception of bureaucracy. Weberian bureaucracy, Gouldner pointed out, was Janus-faced: it was both a consensual social unit and a coercive instrument. The impact of bureaucracy on both workers and supervisors hinged on this distinction. When bureaucracy was perceived as consensual, following rules and procedures was a means to an end that was attuned to all organizational members' personal preferences and goals. But when bureaucracy was perceived as coercive, following rules and procedures was an end in itself, disconnected from (at least some) organizational members' personal preferences and goals.

26.2.3. Summary

Gouldner argued that Weber's conception of bureaucracy was ambiguous because Weber conflated two distinct bases of power in bureaucracy: expertise in the form of specialized knowledge and training, and discipline in the form of rewards and punishments. Expertise was the driving force of consensual bureaucratic systems—those that were accepted by both workers and supervisors. Discipline, in contrast, was the engine of coercive bureaucratic systems—those that were often accepted by supervisors but not by workers, and more rarely accepted by workers but not by supervisors.

Gouldner concluded that there are three types of bureaucracy—representative, punishment-centered, and mock—that can be distinguished in terms of who creates them, whose values they incarnate or violate, how deviations are understood, and what effects they have on bureaucrats' status. Representative bureaucracy arises from pressure by supervisors and workers, and incarnates values of both supervisors and workers. Deviation from such rules and procedures is understood as intentional ignorance or unintentional error that harms both supervisors and workers. As a result, representative bureaucracy generates little, if any, conflict and is maintained by tacit agreement among supervisors and workers. Punishment-centered bureaucracy, in contrast, arises from pressure by either supervisors or workers, but not both. Accordingly, it legitimates the values of one group and violates the values of the other. Deviation is attributed to deliberate (malicious) intent and is perceived as harming the status of the group whose values are legitimated. As a result, punishment-centered bureaucracy generates a great deal of conflict between supervisors and workers, and is likely to be undermined by the

actions of the group whose values are violated and whose status is impaired. Finally, mock bureaucracy arises from neither group, but rather from outside pressures, and violates the values of both groups. Deviation is viewed as inevitable, as the result of human nature, and enhances the status of both workers and supervisors. This form of bureaucracy engenders little conflict within the organization, but may engender conflict between the organization and the external observers who value and promote it.

26.3. PETER BLAU: THE DYNAMICS OF BUREAUCRACY

Blau conducted a highly refined study of work groups, focusing on how they responded behaviorally to changes in bureaucratic rules and procedures, and in the process developed a parallel, informal organization that subtly reshaped the formal bureaucracy. Like Gouldner, Blau built on Merton's formulation of functional analysis (Merton 1968: 73–138), which held that researchers must probe the consequences of social phenomena, not just their origins. Blau sought to determine the consequences of bureaucracy, meaning formal organizational structure, for workers and for later incarnations of the structure itself. He also sought to determine the causal mechanisms, specifically the social interactions, through which changes in bureaucracy engender changes in behavior and structure. Blau's third goal was to highlight and understand the unanticipated consequences of intentional bureaucratic change (Merton 1936), which lead organizations and their bureaucracies to evolve in unforeseen directions. In conducting this functional analysis, Blau wanted to understand unofficial practices and structures, which casual observers might perceive as irrational or irrelevant to official rules or goals. In other words, he wanted to understand just how informal organization (that is, power relations and culture) arose from the accumulation of formal bureaucratic elements and from behavioral responses to those elements, and thus how this informal organization became institutionalized—that is, became an accepted and enduring part of organizational goals, activities, and structures. In this way, Blau could demonstrate and explain endogenous change in organizational structures and the behavior of organizational members. In his own words, Blau demonstrated that bureaucracy 'contains the seed, not necessarily of its own destruction, but of its own transformation' (1955: 9).

In contrast to Gouldner, Blau focused on behavior within white-collar settings rather than blue-collar settings. His research site had two parts, both government agencies: a state employment agency that referred workers to firms in the clothing industry and a federal law-enforcement agency that oversaw businesses' relations

with their employees. Like Gouldner, Blau used multiple methods to gather data to investigate ideas that he deduced from extant sociological theory and to refine that theory. Blau not only directly observed workers in the two government agencies, he also interviewed workers and supervisors, had workers and supervisors fill out surveys and record behavior as they occurred, and pored over agency records.

26.3.1. Bureaucracy in the Employment Agency

Blau studied one department in a state agency that interviewed job seekers and sought to match them to job openings. He observed that how work was done in this department differed from what was laid out during the agency's new-employee training: this department largely eschewed the formal documentation that was prescribed for other departments. This happened, Blau explained, because the department served a single industry (apparel manufacturing) that needed help filling jobs in a handful of low-skilled occupations and that had a particular work rhythm (alternating periods of frenzy and doldrums) dictated by the industry's cycles of demand. When industry demand peaked, workers had to be matched to job openings in a single day; when industry demand ebbed, workers were not needed at all.

Official procedures were modified in three ways—through adjustment, redefinition, and amplification—to suit prevailing industry conditions. Adjustment allowed more efficient operation, given both conditions in the apparel industry and the agency's own performance objectives. The most obvious adjustment was that interviews were extremely brief and most paperwork was eliminated to ensure very quick referrals; moreover, the department focused on the number, rather than the quality, of placements, and so ignored some tasks altogether (e.g. counseling those who were seeking employment). Procedural redefinition was one unintended consequence of procedural adjustment: the original objective of a procedure (e.g. maximizing the fit between referred workers and jobs) was deliberately sacrificed in the service of a different objective (e.g. maximizing the number of placements). Another example of procedural redefinition played out when clients who were receiving unemployment-insurance benefits refused job offers. Department officials notified the state's unemployment-insurance bureau as a threat, to induce clients to accept the jobs offered them and thereby maximize the number of placements, rather as a simple sign of interagency cooperation. Finally, procedural amplification involved placing more emphasis on some bureaucratic elements, in order to keep some procedural redefinitions from interfering with organizational goals. For instance, supervisors reviewed every notification of the unemployment-insurance bureau, set explicit rules governing when notifications must be sent, and required their subordinates to explain to job seekers that such notifications did not, after all, disqualify them from receiving unemployment-insurance benefits.

When procedures were modified, their meanings often changed. The department head elaborated formal reporting in way that was similar to what Gouldner observed in the gypsum plant. Rather than recording just the number of job-seeker interviews conducted, the department head began to record also the number of application forms filled out by job seekers, the number of job seekers referred to employers, the number of placements, and the number of notifications of job-offer refusals sent to the sister unemployment-benefits office, as well as the proportion of interviews that led to referrals and placements, and the proportion of referrals that led to placements. As with the gypsum plant's employees, the department's employees came to view increased bureaucratization as a direct mechanism of control, which contrasted sharply with their previous perception of formal statistics as tools to facilitate agency administration; for instance, by allowing the department head to even out workloads by redistributing personnel.²

After formal reporting was elaborated, the placement rate (specifically, the percentage of job openings filled by job seekers) increased dramatically, as intended, even though the number of job openings declined. Blau went on to highlight the unintended consequences of this bureaucratic change, both functional (i.e. beneficial to organizational objectives and/or to employees' welfare) and dysfunctional (i.e. harmful to those objectives or to employees' welfare). One unexpected functional consequence was that relations between supervisors and interviewers improved. The statistics-laden formal reports offered seemingly objective justification for any negative performance feedback that, in the past, might have been attributed to supervisor whimsy. Indeed, the formal reports obviated most corrective conversations, thereby increasing the efficiency of operations. As one supervisor explained, 'I just let [the numbers] speak for themselves' (Blau 1955: 43).

Alas, Blau also observed many unexpected dysfunctional consequences, most of which stemmed from the fact that competition among the department's employees heated up when individual performance was made visible in the reports. The supervisor of one section within the department relied heavily on these reports in evaluating subordinates' performance. Those subordinates began to compete more and to cooperate less with each other. As a result, aggregate section performance, in terms of placement rates, declined. The supervisor of a second section based performance evaluations on other factors than just the formal reports, so her employees were less moved to compete to look good in the formal reports. As a consequence, aggregate performance improved in the second section. Finally, both sections began to cooperate less with a third section that depended on them for information about job openings—the section that matched handicapped workers to job openings. It took an informal adjustment of procedures—allowing employees in the first

² Another example of how meanings changed in the wake of procedural change is that when the department head stopped gathering data on counseling services for the unemployed, her subordinates came to offer such services less and less often. Thus, Blau documented both how people attend to what is measured and how they ignore what is not measured.

two sections to refer uncooperative job seekers to employees in the handicapped section—to restore a reasonable balance of power-dependence relations, which again made employees in the first two sections willing to provide information about job openings to employees in the handicapped section.

Another important dysfunctional consequence of the elaboration of bureaucracy was that the things that the reports measured did not precisely capture the phenomena they were intended to measure, so they could be 'gamed'. In making this observation, Blau echoed Merton's discussion of goal displacement and foreshadowed Marshall Meyer's thinking on what he termed the 'performance paradox': the tendency of all performance measures to become less informative over time as employees learn how to work the system (Meyer and Gupta 1994).

In sum, the elaboration of bureaucracy in this department of the employment agency created quantitative data on performance that made it possible for departmental employees (and their supervisors) to compare employees, which engendered competition between individuals in each section. In turn, increased competition had a series of unintended consequences that reduced the department's efficiency: making employees less willing to cooperate with each other, even though cooperation was essential for effective performance for each section and the department as a whole, and pushing employees to behave in time-wasting ways that allowed them to 'cook' the numbers. Thus, Blau demonstrated the dilemma of bureaucracy: formal structures that are intended to solve one problem often give rise to other problems. He also demonstrated that the informal organization, specifically subgroup culture, moderates the impact of bureaucratic change. In the first section, a competitive culture developed as departmental employees vied to increase their individual placement statistics in the formal reports, which determined their performance evaluations. In contrast, in the second section, a more cooperative culture developed that was less disrupted by bureaucratic elaboration because performance evaluations did not depend solely on the statistics in the formal reports. Blau may have been the first person to explain the oft-noted managerial folly of rewarding one behavior while hoping for an entirely different behavior (Kerr 1975).

26.3.2. Bureaucracy in the Law-Enforcement Agency

The second organization Blau studied was a department that inspected businesses to ensure that they complied with two new federal employment laws; violations led to negotiations over adjustments to business practices or, in severe cases, to lawsuits. This bureaucracy was replete with formal rules and regulations, many of which were gathered in a 1,000-page manual. Most rules focused on the quality (according to legal standards) of employees' work, specifically their decisions regarding compliance or noncompliance by the businesses they inspected, and their ability to get

businesses to voluntarily make amends. In contrast, there were few rules concerning the process by which employees achieved these results. In addition, all decisions and actions were checked twice, by supervisors and by a review section.

Despite the high degree of formality of work rules in this organization, Blau noted several informal work practices that, when followed, made workers secure members of a valued social milieu and that, when ignored or flouted, rendered them social outcasts. First and most strikingly, agents consulted with one another about the cases each handled, even though their supervisor prohibited such discussions. Blau recorded who consulted with whom and how often, and analyzed the manifest (explicitly intended) and latent (implicit or unintended) reasons for them. The manifest cause was that consultations with fellow agents obviated the need for consultations with the supervisor, and so kept employees from earning black marks for demonstrated ignorance. The latent causes were numerous. Consultations reduced employees' social isolation; without such interactions, employees would work alone almost all the time, with their only social contact being their supervisor and the businessmen they investigated. Thus, consultations created group solidarity and a cohesive professional culture, both of which were valued by agents. Consultations also heightened employees' interest in their jobs. Finally, consultations forestalled conflict between employees by reflecting and thus honoring very real differences in level of expertise. Of course, there were latent dysfunctions, too: consultations not only honored differences in expertise, they also reinforced those differences, and made it difficult for agents who were perceived as poor performers to improve; they flouted and thus weakened the supervisor's authority; and they worsened employees' perceptions of the supervisor's competence relative to that of the expert peer advisors.

In addition to informal work practices, Blau noted that informal social events—the annual Christmas party, the practice of buying gifts for coworkers to celebrate birthdays, weddings, and children's births, as well as to commiserate illnesses—served as a social glue. Because these events were bureaucratized—committees managed them and everyone participated simply by virtue of working in the department—they came to symbolize and valorize membership in the group. One unexpected function of these social events was to increase agents' effectiveness at work by decreasing their anxiety about their ability to perform their often-difficult assignments and by relieving the emotional tensions inherent in the delicate negotiations they undertook with the men whose businesses were under investigation.

The third informal aspect of work relations that Blau analyzed was a series of workplace norms. First and foremost were restrictions on work output. The departmental supervisor set a production quota for each agent: investigate eight cases per month, find violations in half of these, and persuade the managers of businesses found in violation of the law to make voluntary adjustments so as to become compliant without having to be taken to court. Agents competed to meet this standard, as they all sought to be ranked high relative to their coworkers. But

norms about quota restrictions curbed agents' natural competitive tendencies. Rate busters were teased and consistent rate busters were socially ostracized. What Blau described with these white-collar workers largely echoed what Roethlisberger and Dickson (1939) found in their study of blue-collar workers in a Western Electric manufacturing plant, and what Donald Roy (1952) found in his study of a machine shop, but there were interesting differences. Many agents responded to these inconsistent pressures—to meet or exceed the production quota *versus* to comply with the quota-restriction norm—by concealing their accomplishments from their peers. And although quota restrictions occasionally chafed, agents justified them as necessary for professional performance: they deemed it impossible to achieve both quantity and quality, as quality was expected to suffer if quantity rose very high.

A second important norm revolved around limits on the formal authority that was vested in the supervisor and the section of the agency that reviewed agents' work. In Blau's (1955: 208) own words, the supervisor 'extended his authority . . . by voluntarily surrendering parts of it'. This meant that supervisors bent their behavior to reduce overt reliance on formal authority and to expand subordinates' zones of indifference or acceptance (Barnard 1938; Simon [1946] 1976). This was especially pronounced among supervisors who had frequent social interactions with subordinates. Such supervisors give more high and fewer low performance ratings than did supervisors who had few social interactions with subordinates—yielding precisely 'the Lake Wobegon effect' chronicled in Garrison Keillor's tales of the mythical Minnesota town 'where all the children are above average'. Supervisors also allowed agents to break minor rules, such as spending more than the prescribed time at lunch. Why would supervisors willingly limit their authority by granting subordinates leeway in work process and catering to subordinates' desires for high performance ratings? Blau explained that the answer lay in the mutual dependence that bound supervisors to subordinates just as tightly as it bound subordinates to supervisors. To put it simply, supervisors relied on agents to cooperate willingly with their requests. By abrogating part of their formal authority and offering subordinates things that were above and beyond what was prescribed by written rules and formal operating procedures, supervisors made subordinates dependent on them, which ensured obedience. Positively skewed performance ratings and acceptance of minor infractions of workplace regulations were privileges that supervisors could easily grant or withhold; subordinates depended on supervisors' goodwill to maintain these privileges and so cooperated with them. The mutual give-and-take between supervisor and subordinates became crystallized in prevailing, albeit unofficial, practices. This analysis of white-collar workers echoes Gouldner's (1954a) analysis of the indulgency pattern among blue-collar workers in a gypsum plant, but it goes further to appreciate the causes of such patterns. This analysis also foreshadows Blau's ([1964] 1992) later work on power and exchange relations, as well as work on power and dependence by Richard Emerson (1962).

Supervisors were not the only bureaucrats to surrender part of their authority in order to wield it more effectively. The men who worked in the review section did the same. This section checked the reports filed by agents for factual, procedural, and legal correctness, and returned problematic cases to agents for revision. Reviewers rotated into this section from field assignments in one of the law-enforcement agency's operating departments; after six months, they returned to those departments. Blau found that the same informal social constraints that prevented supervisors from exercising their full formal authority affected reviewers. When reviewers sent problematic cases back to agents, these problems were noted in the agents' personnel files, which adversely affected their performance ratings. Agents, quite understandably, disliked having cases returned for errors and vilified reviewers for doing so. Shrinking from conflict with their once and future colleagues, reviewers developed an informal alternative: 'walking back' problematic cases to the agent who handled them, so he could revise the cases without any official notice being taken. This happened frequently despite the fact that walking back cases, and thus reporting fewer than the expected number of problematic cases, harmed reviewers' own performance ratings. Nonetheless, reviewers who had close social relations with agents tended to sacrifice their own performance ratings in order to mitigate the negative impact on their relationships with fellow agents: reviewers who interacted frequently with agents walked back two-thirds of problematic cases, a much higher fraction than more socially isolated reviewers.

In sum, Blau revealed that the employees of this law-enforcement agency reshaped formal bureaucratic elements—rules and regulations, hierarchical relationships, and evaluation criteria—to serve their own interests. Such endogenous changes also engendered a rich set of highly value-laden informal arrangements, in the form of potent norms concerning 'professional' (i.e. good) behavior. Endogenous change was not haphazard; rather, it flowed from imperfections in formal structure—tensions between goals, unexpected difficulties in achieving goals, and misfits between formal structure and new external contingencies.

26.3.3. Summary

Blau's analysis demonstrated that change in bureaucratic elements—the introduction of new rules or procedures—can lead to either functional changes, which shift conditions in the direction of socially valued objectives or contribute to the attainment of those objectives, or dysfunctional changes, which shift conditions in the direction opposite to socially valued objectives or impede the attainment of those objectives. He further demonstrated that when conditions change—for instance, when new demands are placed on an organization—several different outcomes are possible. First, the new demands may not be met. Second, the new demands may disappear or be transformed as a result of workers' and/or supervisors' adjustment

in value orientations; that is, as workers and/or supervisors learn new values and discard old ones, new demands are transformed from disruptive threats into stimulating challenges. Third, new demands may give rise to new structures and behaviors that meet the demands. Which outcome actually occurs depends partly on who benefits and who loses—on the relative power of organizational members in different units and at different levels in the hierarchy—and partly on the prevailing culture (or subcultures), as pre-existing values and norms shape perceptions of new demands, making organizational members conceive of some outcomes as possible and others as impossible.

Blau showed us that bureaucracies change all the time—change may not be inevitable in vending machines, but it is in organizations. He also showed us that bureaucrats often welcome, rather than resist change (*pace* Hannan and Freeman 1984). Moreover, he proposed that bureaucrats often have favorable attitudes towards social change, rather than resisting any change in external conditions. He went further than merely offering existence proofs of organizational flexibility by inducing a theory of the conditions under which organizations are more or less rigid (or, conversely, flexible); in doing so, he modified Merton's (1940) theory of bureaucratic dysfunction. Blau predicted that social insecurity, rather than overly strong identification with rules and consequent goal displacement, engenders inefficient rigidity. Perhaps most striking is the finding that the process by which subunit and individual performance is appraised—the things that are and are not taken into consideration, and their relative weights—has a huge impact on bureaucratic inertia (or flexibility). When changes to organizational structures and operations, whether designed or emergent, threaten to make subunit or individual performance look bad, bureaucrats will resist change. But when changes promise to make performance look good, bureaucrats will invite (nay—insist on) change. In addition to anxiety concerning performance appraisals, Blau demonstrated that threats to important social relations at work (with coworkers and clients, not just with supervisors) also induce rigidity.

26.4. CONCLUSION: WHAT CAN WE (RE)LEARN FOR A TWENTY-FIRST-CENTURY ORGANIZATIONAL SOCIOLOGY?

A close rereading of Merton, Gouldner, and Blau reveals several lessons for contemporary organizational theorists. Let me discuss each in turn.

26.4.1. Culture Determines How Organizational Members Respond to Bureaucracy

Workers and their supervisors do not perceive bureaucratic structures and practices as neutral stimuli. Instead, their understanding and acceptance of bureaucratic elements is developed by viewing them through lenses that vary by culture (i.e. by pre-existing systems of meaning). Gouldner invoked three levels of culture—societal, community, and organizational—and argued that organizational culture was enmeshed in the cultures of the national society and the local communities in which workers lived. At the societal level, Gouldner pointed out the egalitarian ethos that pervades the United States and argued that within this egalitarian culture, direct supervision (rather than supervision through rules) can be perceived negatively, as a form of punishment. At the community level, Gouldner noted that the workers and supervisors he studied came mostly from small towns characterized by fairly flat social-status hierarchies, political conservatism, and long-established populations. The cultures of these communities engendered friendly and highly egalitarian informal relations between supervisors and workers; they also engendered distrust and suspicion of outsiders.

Within the nested system of societal, community, and organizational cultures, Gouldner concluded that the 'usefulness' of bureaucratic elements (primarily rules, but also forms, job descriptions, and standard operating procedures) depends on five factors: who initiates the bureaucratic elements (insiders or outsiders, workers or managers or both), whose values are legitimated or violated by them (workers or managers or both), the perceived nature of deviations from bureaucracy (human nature, out of human or organizational control, good intentions, accidents, or deliberate bad intentions), and the effects of bureaucratic elements on status (enhances both workers and managers, impairs both, or enhances one at the expense of the other). In a similar vein, Blau's analysis of the fallout from the elaboration of formal (statistical) reports of production output and process in the employment agency demonstrated that reward systems shaped organizational culture (pushing it to be more or less individualistic and competitive), which in turn determined employees' responses to this bureaucratic change.

Surprisingly, the idea of bureaucracy as a contingent element of organizational design appears in few subsequent studies. One excellent example is Paul Adler and Bryan Borys's (1996) analysis of the coercive *versus* enabling impact of the ways new production technologies are designed—either to force employee effort and compliance with official rules or to improve employee mastery of their assigned tasks. They identified factors that discourage and encourage both bureaucratic orientations.

26.4.2. The Inevitable (but Often Forgotten) Link between Induction and Deduction

Gouldner and Blau amply fulfilled Gouldner's (1954a: 9) stated goals, which were to use Weber's theory of bureaucracy to shed light on organizational behavior and then to use data bearing on that behavior to evaluate the theory, to modify it, and to push it in new directions. These scholars mixed induction and deduction in a way that cemented the connection between theory and data. They started with ideas from Weber, Merton, and other sociologists, and used those ideas to guide their data-gathering and data-analysis efforts. That research strategy is quite common among contemporary inductive researchers—those who infer existence proofs and causal patterns from empirical observation. But Gouldner and Blau went far beyond what most contemporary inductive researchers do and so offer a crucial lesson for them. Gouldner and Blau induced, based on a combination of extant theory and analysis of their own data, explicit statements of hypotheses that could be tested in other settings; they also developed typologies of organizational structures and processes. More than this, Gouldner and Blau wove typologies and hypotheses into theories of the middle range (Merton 1968: 39–72). In other words, they offered general, abstract ideas that could guide future research, ideas that when tested, and revised by post-testing reflection, might cumulate into a scientific approach to the study of organizations. This act of 'closing the loop' between induction and deduction is seldom seen in contemporary inductive research on organizations. Attention to explication of abstract, general predictions would facilitate building bridges between inductive and deductive researchers, who tend to form insular camps, and would help us accumulate facts and interpretations of those facts in a more systematic, scientific manner.

Contemporary deductive researchers—those who formally 'test' hypotheses, often using statistical techniques, sometimes using qualitative techniques like Mill's (1872) method of agreement and difference—can learn important lessons from Gouldner and Blau. Virtually all hypothetico-deductive papers are developed through a combination of deduction from extant research and induction from data. Notwithstanding this fact, most studies are written as if all ideas were in place before any data were gathered, certainly before data were analyzed. Reviewers and editors are complicit in this charade: they tend to behave as if prior knowledge of the data being analyzed—looking at univariate statistics and bivariate correlations, estimating different versions of multivariate models, adding or dropping cases in comparative case analyses—has no bearing on what authors predict. Instead, reviewers and editors tend to behave as if what authors predict is based solely on prior theory and evidence—purely on deduction, not at all on induction. Gouldner and Blau demonstrate that the scientific study of organizations can indeed allow for explicit recognition of the inevitable intertwining of deduction and induction. Greater honesty about the important role that induction plays in the

hypothetico-deductive research process would make it easier to write clearly about what we (both authors and readers) learn, when we learn it and from what data, and why what we learn matters for the specific cases we study versus any general social science of organizations. In other words, explicit recognition of induction would allow us to specify more clearly boundary or scope conditions for the theories we test and to propose contingencies for purportedly general theories.

26.4.3. Gouldner: Physical Conditions Matter as Much as Cultural and Political Factors

Within the plant he studied, Gouldner learned that there were huge differences in subunit culture: the highly informal, close-knit, mutually helpful culture of the subsurface mine contrasted sharply with the semi-formal but still cohesive and benevolent culture of the surface factory. He attributed these differences in structure and culture between mine and factory to differences in conditions. The mine was darker, dirtier, louder, more physically taxing, more dangerous, and more unpredictable than the factory. Moreover, the cultural distance Gouldner observed between the two units—they had little real contact and their members stereotyped each other—developed and persisted in part because they were separated by considerable physical distance. This part of Gouldner's analysis highlights factors that are still largely missing from sociological analyses of organizations. He showed that the physical environment—its size or spatial distance, aesthetic qualities, privacy, level of discomfort or danger, and extent to which it is unpredictable or uncontrollable—has fundamental effects on organizational tasks, structures, and cultures. This part of Gouldner's analysis shows that, contrary to the well-known 'Hawthorne effect', which attributed the impact of physical changes in the workplace to social-psychological forces (Mayo 1933; Roethlisberger and Dickson 1939), physical conditions per se affect organizational design and social-interaction patterns.

The importance of organizations' physical environment has not been entirely lost on later scholars. For instance, in his survey and synthesis of organizational theory, Pfeffer (1982) argued passionately and eloquently for researchers to pay attention to the physical structures that house organizations, which literally structure interactions. But alas, few organizational theorists have heeded Pfeffer's call; even fewer have gone further to consider other aspects of the physical environment. Perhaps it is time we built a bridge to other fields, such as architecture, physiology, and cultural geography, which focus on physical systems, and adapt their theories of physical conditions to develop sociologically informed theories of the physical conditions surrounding organizations and their employees. I see hope in a few scattered studies. One notable example is Brian Lande's (2007) ethnography of the

Reserve Officer Training Corps at a western American university. Reflecting on his own experiences and those of his fellow recruits, Lande revealed how particular socialization routines and training procedures taught recruits to 'breathe like a soldier', so they literally came to 'embody' the culture of the army. He concluded that through this socialization and training, recruits literally became different people.

26.4.4. Blau: An Interest-Driven Theory of Organizational Change and Inertia

Blau noted that the common belief that bureaucracies and bureaucrats resist change stems from the (generally implicit) assumption that bureaucratic structures are in perfect equilibrium, meaning that bureaucracies meet their goals and fit their environments perfectly, and so any change is a disturbance. Blau disagreed with this assumption of perfect adjustment and adaptation. Instead, he pointed out many examples of imperfect adjustment and adaptation in these two government agencies. He further noted that the employees of these imperfect bureaucracies recognized their agencies' shortcomings. For that reason, the members of both bureaucracies constantly wrestled with situations that limited their efficiency and effectiveness, as well as members' own economic and social-psychological well-being. Instituting new procedures and structures was welcomed, rather than resisted, as long as these procedures and structures were perceived as serving the interests of organizational members. (This concern with the interests of organizational members echoes Gouldner's.)

Contrast Blau's notion that organizational change is commonly driven by the combination of structural misalignment (externally, with the organizations or individuals served, or internally, with other organizational goals and procedures) and the economic and psychological goals of members with recent thinking by organizational ecologists on organizational identity and change (Pólos, Hannan, and Carroll 2002; Hannan, Pólos, and Carroll 2007), and recent discussions by institutionalists concerning organizational change and persistence (Clemens and Cook 1999). Both groups of contemporary scholars assume, again generally implicitly, that organizational structures are in some sort of steady state, if not at perfect equilibrium. That is why they perceive that dislodging bureaucracies from the status quo is a problem, something that reduces operating efficiency and external legitimacy. Contemporary scholars would do well to reconcile Blau's theory of interest-driven organizational change with the ecological theory of adaptive (that is, evolutionary beneficial) organizational inertia and the institutionalist prediction that change is a puzzle, not an inevitable part of organizational life. Blau's (1955: 247) conclusion that 'social insecurity breeds rigidity' merits rigorous testing.

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