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Source: The Academy of Management Review, Vol. 9, No. 2 (Apr., 1984), pp. 207-224

Published by: Academy of Management

Stable URL: http://www.jstor.org/stable/258435

Accessed: 04-03-2015 11:55 UTC

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# Power and Organization Life Cycles

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This paper derives a model of organization life cycles in three steps: (1) by considering relationships of power distribution inside an organization with that around it, a typology of six configurations of organization power is produced; (2) by considering intrinsic forces that work within each of these configurations to destroy it, the likely transitions between these configurations are identified; and (3) by stringing these transitions together in sequences over time as organizations survive and develop, the model is developed. Some implications of such a model in a society of large organizations are addressed briefly in conclusion.

From the earliest days of organization theory, notably in the writings of Max Weber (Gerth & Mills, 1958), the themes of ideal or pure types of organizations and of stages of organizational development have occupied an important, although never prevalent, place in the literature. The recent book by Kimberly and Miles (1980) entitled *The Organizational Life Cycle* may signal a growing interest in these themes or may, in fact, stimulate such an interest.

This interest may say more about cognition than reality, reflecting simply the need to think about complexity in order to cope with it—a point made particularly well in Allison's (1971) study of different models to interpret decision making during the Cuban missile crisis. The present author believes, however, that there is more to these themes than cognition (Miller & Mintzberg, 1983), that ideal types reflect leading tendencies in organizations, and that stages of organizational development reflect intrinsic forces that arise in organizations to change them as they develop. Studies by Woodward (1965), Burns and Stalker (1966), Lawrence and Lorsch (1967), Miles and Snow (1978), and Miller and Friesen (1978, 1980a, 1980b, 1982a), among others, have provided empirical support for the existence of clusters of attributes, or "configurations," in organizations, which would seem to resemble ideal types.

Theories of stages of organizational development go beyond ideal types, by postulating common sequences among them as organizations survive and develop over time. Explicit in a number of these theories is the notion of longer periods of stability interrupted by shorter ones of destructive change (Greiner, 1972). Starbuck has referred to these as "metamorphosis models," pointing out that organizations may not grow in "a smooth continuous process" so much as in one "marked by abrupt and discrete changes" in their conditions and structure (1965, p. 486). In their research on "quantum" change, Miller and Friesen (1980a, 1980b, 1982a, 1982b) have provided some strong empirical support for such models.

It is one thing, however, to produce systematic evidence to support configuration and metamorphosis in general; it is quite another to do so for specific sequences of transitions among particular types. The production of such evidence would call for the most ambitious sort of research, longitudinal in nature with a wide variety of organizations. Most related research has been narrower than this, focusing either on single transitions in specific types of organizations—for example, the shift from functional to divisionalized structure in giant American corporations, as in the research of Rumelt (1974)—or else on the sequence of transitions over the life of a single organization—as in Whyte's (1969) classic description of the development of a restaurant.

These different studies nevertheless can be pieced together to describe what seem to be common transitions or even common sequences of transitions. Perhaps the best known sequence in the literature is that postulated for the business firm that survives and grows: creation in the form of simple, entrepreneurial structure, followed by limited growth;

transition to more elaborated, bureaucratic structure, followed by extensive growth; and then diversification of strategy followed by divisionalization of structure, allowing for growth to much larger size—parts or all of which have been described by Chandler (1962); Filley and House (1969, 1976); Galbraith and Nathanson (1979); Litterer (1965); Scott (1971); and Whyte (1969). No writer claims that this sequence is inevitable. Some writers in fact show that certain kinds of organizations tend to settle in certain places and not move on, as did the "heavies" of American industry, according to Rumelt (1974), such as the steel and aluminum producers, which tended to achieve only a limited form of divisionalization. Others sometimes break the sequence by skipping stages or reverting back to earlier ones. But the assumption underlying all these writings is that the sequence described seems to be most common for the type of organization in question, and is perhaps driven by a set of unique, underlying forces in it.

Most of the research cited so far has concentrated on changes in organizational structure (and, to a lesser extent, strategy). But there has been a swing in the literature of organization theory over the last decade toward consideration of issues of power—the capacity of individuals or groups to effect, or affect, organizational outcomes (Kanter, 1977; Russell, 1938). In the present writer's view, this swing reflects certain fundamental trends in developed societies, namely, the increasing size of organizations, and, as a result, the enhancement of their external power as systems as well as the pervasion of conflict and politics within them. Such trends clearly merit close attention by organization theorists, and they have received it in works such as Pfeffer and Salancik (1978). Because shifts in power seem to lie at the root of transitions in organization, these trends might be particularly well explained by considering stages of organizational development from the perspective of power. Such consideration may help to explain not only how organizations survive and develop, but also how they stagnate and falter, leading from the realm of stages of organizational development into that of organization life cycles.

This paper seeks to present one view of organization life cycles, described from the perspective of power—specifically, from a consideration of the changing distribution of power around and inside an organization as it survives and develops over time. To help it do so, the paper draws on selected references in a variety of disciplines—primarily management, organization theory, and sociology, but also economics, political science, and law. This description is intended to serve both general and specific purposes: in general, to stimulate thinking about issues of power, the development of organizations, and the impact of this development on society; in particular, to present one life cycle model, among the many that are possible, that may help to explain certain important trends in contemporary society. Those concerned with renewal in a society of large organizations likely will have to consider not only how organizations arise and develop but also how they sustain themselves politically, sometimes in spite of economic forces, and how they eventually falter.

## Configurations of Organizational Power

Blau and Scott (1962) categorize organizations from an external perspective—in terms of whom they are supposed to serve. Etzioni (1961) does so from an internal perspective—in terms of how they achieve control over their members (and the related form of member involvement). The typology presented in this paper is developed by considering the interplay of external as well as internal systems of power.

Influencers, or "stakeholders"—people who use "voice" to attain their needs through an organization (Hirschman, 1970)—may be divided into those with major time commitments to the organization (essentially the full time employees or volunteers), who will be called internal, and the others, who will be called external. The former may be described as forming an internal coalition, the latter, an external coalition. The term coalition is used, after Cyert and March (1963), to describe a set of people who vie among themselves to determine a distribution of power.

A typology of configurations of organizational power can be derived by considering the relationships among different forms of external and internal coalitions. Some possible forms of each are proposed. The external coalition may be described as dominated (one individual, or a group in consensus, holds the balance of power); as divided (a few competing groups or individuals divide power); or as

passive (no outsider seeks to exercise much power). There is some evidence (Berle & Means, 1968; Mace, 1972; Michels, 1915) as well as mathematical argumentation (Olson, 1965, 1968) that a large number of dispersed external influencers tends to produce a passive external coalition. Based on various kinds of influence or control used within the organization, five forms of the internal coalitions may be described: personalized (the personal controls of a leader dominate, such as the issuing of ad hoc orders); bureaucratic (formal standards dominate); ideologic (the norms of a strong internal ideology dominate); professional (the technical skills and knowledge of experts dominate); and politicized (political or conflictive forces dominate). (The situation when no one of these forms of influence dominates also will be considered.)

What relationships might be expected among these different external and internal coalitions. Four propositions are proposed to describe what may be the most common ones:

- 1. A dominated external coalition encourages the rise of a bureaucratic internal coalition.
- 2. A divided external coalition encourages the rise of a politicized internal coalition, and vice versa.
- 3. A personalized, ideologic, professional, or bureaucratic internal coalition encourages the rise of a passive external coalition.
- Other combinations of the coalitions, as well as nondominant mixtures of the internal forms of influence, encourage moderate or intense levels of conflict in an organization.

Briefly, the arguments behind these propositions, which are developed at length in Mintzberg (1983), are as follows. To maintain a position of dominance yet remain in the external coalition, an influencer must bring the organization under control without actually managing it. That would seem to be most effectively accomplished by appointing the chief executive officer, specifying clear goals that can be operationalized through systems of formal control, and then holding the chief executive responsible for performance. The effect of this would be to centralize, formalize, and standardize behavior in the internal coalition, giving rise to its bureaucratic form. Studies by Heydebrand (1973), Holdaway, Newberry, Hickson, and Heron (1975), Pondy (1969), Pugh, Hickson, Hinings, and Turner (1969), Reimann (1973), and Samuel and Mannheim (1970) all support the relationship between external control of an organization and its internal centralization and/or formalization.

The second proposition is based on the assumption that conflict in one of the coalitions tends to spill over to the other. Political activity in the internal coalition encourages various internal influencers to enlist the support of different outsiders, thereby dividing the external coalition. Conflicting external influencers, by pulling parts of the internal coalition in different directions, encourage the breakdown of more legitimate forms of influence (such as authority or certified expertise) in favor of political activity.

The third proposition is based on the assumption that any focused form of influence in the internal coalition tends to discourage or pacify concerted forms of influence in the external coalition. Personalized control essentially means a strong central leader, who likely will resist outside influence (Collins & Moore, 1970). A strong internal ideology serves to knit the internal influencers into a cohesive group, which will be inclined to resist outside influence. Similarly, experts who dominate an organization seem inclined to use their expertise to pacify external influence (Thoenig & Friedberg, 1976); and a bureaucratic internal coalition, even when arising initially because of a dominated external coalition, requires a strong administrative component, and this tends to be obsessed with control of external influencers no less than inside workers (Mintzberg, 1979).

The first and third propositions suggest five combinations of the coalitions, each with power focused in one way or another. The fourth proposition extends the assumption of the second that the absence of a single focus of power breeds conflict. Whether power is divided between two forms of influence in the internal coalition (e.g., between personalized leadership and expertise) or between one focus of influence in each of the coalitions (e.g., personalized leadership inside and a dominant influencer externally), some significant level of conflict may be expected between them. In effect, the organization adopts a "hybrid" power structure, which need not, of course, be dysfunctional (as in the case of the symphony orchestra, which seems destined to combine the personalized leadership of the conductor with the expertise of the musicians, despite the tension generated).

Together these four propositions suggest six basic configurations of power, shown in Exhibit 1.

Exhibit 1
Basic Configurations of Power

External Coalition	Internal Coalition	Power Configuration
Dominated	Bureaucratic	Instrument
Passive	Bureaucratic	Closed system
Passive	Personalized	Autocracy
Passive	Ideologic	Missionary
Passive	Professional	Meritocracy
Divided	Politicized	Political arena
Dominated Dominated	Personalized Ideologic	
Dominated	Professional	probably less
Dominated	Politicized	common
Passive	Politicized	and less stable,
Divided	Bureaucratic	likely to be forms of
Divided	Personalized	Political Arena
Divided	Ideologic	
Divided	Professional	

The instrument is an ideal type power configuration in which the organization serves a dominant external influencer (or a number of them acting in concert). Because external control is consolidated most effectively through the use of performance standards and other formalized controls, the internal coalition emerges as bureaucratic, pursuing the operational goals that the dominant influencer imposes on it. Within the organization, personalized leadership control and strong ideology and politics are discouraged as incompatible with tight external control. Nor is a high level of internal expertise compatible with such control. This description appears to be consistent with the closely-held corporation as described by Berle and Means (1968) and Mace (1971), the prison whose external influencers form a consensus around the goal of custody as described by McCleery (1957), the "paralytic" local electricity board described by Butler, Hickson, and Wilson (1977-1978), the "coercive" organization described by Etzioni (1961), and the "appendix" organization described by Rhenman (1973).

The closed system also has a bureaucratic internal coalition, its internal control being based on formal standards. But it faces no focused power in its environment; its external influencers tend to be dispersed and unorganized. In other words, its external coalition is passive, either by chance or because the internal coalition actively pacified it. The administrators—notably the senior managers and the staff analysts who design the bureaucratic standards—hold the balance of power, encouraging the organization to pursue goals that serve itself as a system, notably its own growth (which in turn serves

the administrators). This description resembles that of Michels (1915) for the European radical labor unions and political parties at the turn of the century and of Berle and Means (1968) and Mace (1971) for the widely-held corporation. In the same vein, Galbraith (1967) refers to the latter as the "new industrial state"; Sampson (1973), as the "sovereign state." Note that the system is closed in one direction only—to external influence. As Galbraith describes clearly, it is hardly closed to the opposite—exercising influence over its own environment. Because the organization tends to be highly utilitarian, a strong organization ideology—characterized by belief in the pursuit of mission per se-is discouraged. So too are high levels of technical expertise, because these would enable experts to displace administrators in the power system. Even personalized controls are resisted because they weaken all of the administrators save one leader. More political activity arises in this configuration than in the closely surveyed instrument, notably between different administrators (e.g., empire building or line versus staff conflicts). But this tends to be relatively mild, contained by the pervasiveness of the bureaucratic controls.

The autocracy also faces a passive external coalition, but develops a different internal coalition. Here the power focuses on a single leader, who controls tightly by personal means, as Collins and Moore (1970) have described the entrepreneurial firm and Tannenbaum (1965) has described some of the utilitarian American unions. This form of control tends to preclude most politics, to discourage expertise and even bureaucratic standards, and to tolerate growth of an internal ideology only so long as it revolves around the leader. (Note that the term autocracy is meant to describe the means of power, not its style of execution—that is, power exercised personally but not necessarily "autocratically.")

The missionary is an ideal type configuration dominated by a strong internal ideology, which serves to pacify the organization's external coalition. The strong system of internal beliefs, built around the organization's mission—whether that be to change society directly in some way, change it indirectly by attracting members and changing them, or merely offering members some pursuit attractive to them—serves to integrate tightly the efforts of the insiders. Indeed, once socialized and in-

doctrinated, the members tend to become highly loyal to the ideology, and so can share power more or less equally, trusted to act in the best interests of the organization. This normative control tends to reduce political activity sharply, and also to discourage the use of authority in the form of either personalized or bureaucratic controls. Even expertise tends to be discouraged, because it introduces status differences that can be incompatible with the egalitarian norms. Related descriptions of organization can be found in the work of Niv (1978) of American religious communes, Sills (1957) of the Foundation for Infantile Paralysis, and Rosner (1969) of the traditional Israeli kibbutzim. The Chinese Cultural Revolution, as discussed, for example, by Eoyang (1972), the "organizational weapon" described by Selzinck (1952), and, more generally, the "normative" organization described by Etzioni (1961) also seem to resemble the missionary.

The *meritocracy*, a term popularized by Young (1959), focuses its power on its technical expertise. on which it is dependent for survival. Hence its internal coalition is of the professional type. The presence of different types of experts can give rise to a certain level of political activity, particularly at the administrative levels, because the system of authority tends to be relatively weak in this configuration. Personal and bureaucratic controls tend to be discouraged as incompatible with a strong system of expertise. So, too, does strong organization ideology tend to be discouraged, because—to reverse a comment above—it requires an egalitarianism that can be incompatible with the status differences inherent in various forms of expertise. Moreover, as highly trained and mobile professionals, the most powerful influencers in this configuration are less inclined to express loyalty to the organization than to their own professions. Influencer pressures of various kinds frequently develop in the external coalition but, as this configuration is characterized here, internal expertise usually is able to pacify them. This description appears to be compatible with Butler et al.'s (1977-1978) description of the university they studied, with Gross's (1968) description of private American universities in general, and with Cressey's (1958) description of treatment (or rehabilitation) oriented prisons.

Finally, the ideal type called the *political arena* emerges when an organization is captured by con-

flict, in whole or in significant part. Some forms of the political arena have no center of power—no key influencer and no central legitimate form of influence. Instead, conflict is pervasive, the internal coalition being politicized and the external coalition divided, much as in Allison's (1971) governmental politics model. Other forms have two or more centers of power around which the conflict revolves. The political arena also may be characterized by intense conflict, which normally must be of brief duration if the organization is to survive, or by more moderate conflict, which can sometimes endure. Combining these characteristics gives rise to four basic forms of the political arena. Three are partial. The confrontation is characterized by brief conflict of an intense nature concentrated between two centers of power, as, for example, Perrow (1970) describes the attempt by an alliance of government and an industry cartel to control a maverick shipping firm (essentially a confrontation between a consensus-dominated external coalition and a personalized internal coalition). The shaky alliance also is characterized by concentrated conflict, but this is of a more moderate and hence possibly enduring nature, as in the symphony orchestra discussed earlier or perhaps in the public American universities described by Gross (1968), with government on one side and academic professionals on the other. In the politicized organization, the conflict is pervasive (i.e., not concentrated between any welldefined power centers) but moderate, and hence possibly enduring, a condition that seems to be emerging in what Blumberg (1971) describes as "the politicization of the corporation." The fourth is the ideal type in its purest form, called the complete political arena, characterized by conflict that is both pervasive and intense, and hence typically brief. (Of the four remaining combinations possible, two are left out because intense conflict is not considered likely to endure and the organization to survive, and the other two because the label political arena seems to be unwarranted for conflicts that are both moderate and brief.) The political arena can be a dysfunctional configuration of power, wasting resources that might better be spent pursuing mission and serving clients. But it also can serve a number of functional purposes: inducing necessary but resisted changes in organization power (Mumford & Pettigrew, 1975), as when confrontation must be used to dislodge an existing but outmoded leadership; enabling certain necessary hybrids to function as shaky alliances (such as the symphony orchestra discussed earlier); and, to be discussed later, speeding up the death of spent organizations so as to help recycle their resources.

This typology maps on to another one that the author has developed, of five configurations of structure and situation—Mintzberg (1979)—as follows: autocracy corresponds to simple structure; the instrument and closed system are two forms of machine bureaucracy, one externally, the other internally controlled, with the latter sometimes taking the divisionalized form—for reasons discussed later in this paper; the meritocracy can take two forms of structural configuration, professional bureaucracy and adhocracy; and the missionary and political arena were not discussed in terms of structural configurations, although the former was alluded to at the end of the previous work.

## Transitions Between the Configurations

The second step in the development of the life cycle model is to consider the likely transitions between the various configurations. A total of 36 transitions are conceivable (each of the six to the other five as well as to a different form of itself, as when one leader replaces another in autocracy). Examples of all 36 can easily be found. A reading of the transitions described in the research as well as practitioner literature suggests, however, that some may be more common than others. For example, there is a good deal of evidence on the transition from the instrument to the closed system in business firms as they grow and their stockholding becomes dispersed (Berle & Means, 1968). Indeed, Moyer (1970) and Pfeffer and Salancik (1978) suggest that growth may be a strategy pursued deliberately to disperse shareholding, that is, to pacify the external coalition. Examples of the opposite transition can, of course, be found, but they seem to be less common.

A life cycle model, in the terms introduced so far in this paper, would describe and justify a sequence, or a small number of sequences, of configurations, from the establishment of organizations to their demise. In other words, it would order the transitions in some logical pattern. Such a model would rely on the most common transitions in order to maximize its explanatory power, but it would also have to justify its choices of some transitions over others.

The prime difference between the transitions that appeared to be rather common and the others seems to lie in the nature of the forces causing each. The less common transitions appear to be driven by forces external to the configuration itself or the organization's stage of development. For example, a new technology may cause the shifting of power in an organization from an entrenched group of administrators to some new group of experts—in other words, it drives a closed system towards a meritocracy. The most common transitions, in contrast, seem to be driven by a very different set of forces, ones intrinsic to the nature of the configuration itself and the organization's particular stage of development. To be more specific, each of the power configurations appears to contain forces working to destroy it from within—each, in other words, seems to sow the seeds of its own destruction. And this destruction seems also to dictate the likely transition(s) (assuming that the organization itself, as opposed to its configuration of power, survives). For example, when repeated instances occur of autocracies faltering because of their reliance on a single leader (who dies, leaves, or loses touch as the organization grows), then centralization and precariousness would seem to be intrinsic destructive forces in this configuration. And when external influencers appear with frequency to save the organization, by taking power over it, then the transition to the instrument configuration, as a means to reduce precariousness, would seem to be at least one natural transition for the autocracy.

A wide variety of external forces can occur, inducing any conceivable transition from one configuration to another. Such transitions therefore cannot be predicted, at least not by studying the organization itself. From its perspective, such changes are idiosyncratic, and consequently cannot be used to build a life cycle model.

The intrinsic forces, in contrast, would seem to be fewer and more orderly in their effect. Specifically, in the absence of external forces, these intrinsic ones should enable us to predict transitions (or, in the presence of external forces, at least to predict transitions in populations of organizations statistically). And by combining these likely transitions over time, from the inception of organizations to their demise, one should be able to produce a model of organization life cycles.

Of the 36 possible transitions, 9 appeared to be

most common and most readily explained by intrinsic destructive forces. Another two, perhaps somewhat less common, also seemed to be driven by intrinsic forces but countered by other intrinsic forces. These are listed below (with the last two shown in parentheses), with the reasons for their choice given in the next section.

→ Instrument Autocracy Missionary Autocracy Meritocracy Autocracy → Closed system Instrument Missionary → Closed system Closed System → Closed system → Meritocracy Meritocracy Closed system → Political arena (in stable form) Political arena (in stable Meritocracy form) (Autocracy → Closed system) 

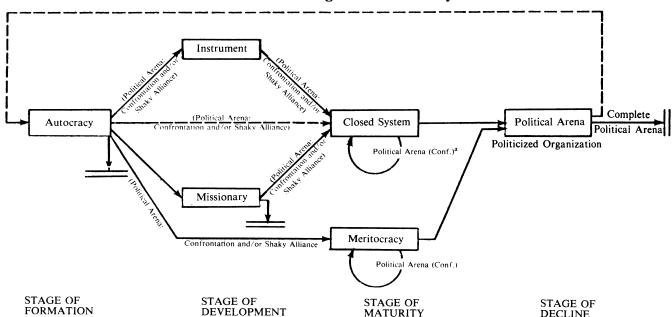
# A Life Cycle Model

In the nine main transitions listed above, a sequence of the various configurations of organiza-

tional power is evident. As noted earlier, it is this sequence that defines the model of organization life cycles presented in this paper.

First, no configuration is shown leading to autocracy. And autocracy is the only configuration shown leading to more than one configuration different from itself. The implication is that this configuration belongs at the beginning of the life cycle model, giving rise to different paths of development. In contrast, following all the possible sequences leads eventually to a stable form of the political arena. Hence this configuration appears to belong at the end of the life cycle (assuming, of course, that the organization itself survives all the stages and negotiates all the necessary transitions). The other configurations appear to fall into intermediate stages, the instrument and missionary earlier, the closed system and the meritocracy later. Four stages thus are suggested in all. As illustrated in Figure 1, these are labeled formation (as autocracy), development (as instrument or missionary), maturity (as closed system or meritocracy), and decline (as political arena). The nine main transitions are shown as solid lines, with the two others indicated by dotted lines. Along some of these lines

Figure 1
A Model of Organization Life Cycles



<sup>&</sup>lt;sup>a</sup>Possibly to autocracy temporarily = Signifies demise of the organization

(as well as at the end of the model) are shown what the model hypothesizes to be transitory, unstable states of the political arena—confrontations or shaky alliances during transitions (often, in fact, inducing them). Although decline and eventual demise are shown as the last stage of the model, the propensity of certain of the configurations to cause the demise of an organization in an earlier stage also is indicated, in the form of two parallel lines.

Before describing the model in detail, one point should be made about its tone. All theory necessarily simplifies and so distorts reality. The social world is full of nuances; in theorizing, one ignores much of this in order to comprehend what seem to be its leading tendencies. In answer to the question whether these configurations of power exist, the answer must be yes and no: no, because no organization is ever as simple as an ideal type; yes, for any configuration that reflects a leading tendency in some organizations at certain points in their development. Thus, when autocracy is described as the likely configuration at the founding of an organization, strong leadership is simply being identified as a leading tendency in new organizations, just as the description of the political arena in a final stage is meant to suggest that spent organizations seem to experience a good deal of political activity. Autocracy and political arena are simply labels for these leading tendencies—labels, used to develop the model. Moreover, it should be emphasized that this model is just one among the many that are possible, based on one particular line of argument developed by an individual with a particular perspective. It is proposed as much to stimulate inquiry into issues believed to be important in contemporary society as to try to capture some of the reality of organizations.

#### Formation as Autocracy

Consider the conditions at the very outset of an organization. It presumably has a mission and some resources to draw upon, but it likely has little else—no existing structure, standards, internal ideology, or facilities. It may have a founding leader, or else someone to appoint that leader, but it is not likely to have any other full time members.

It is, in fact, typically the job of the founding leader to create the initial structure, acquire the facilities, and, above all, hire the first employees (or attract the initial volunteers). In the absence of established institutional procedures and beliefs, power tends, as a result, to focus personally on the leader. Moreover, potential external influencers may be inclined to leave the new organization alone: excessive demands at the outset, when the organization is most vulnerable, could destroy it. Hence the internal coalition of the new organization may very well be personalized and its external coalition passive, giving rise to the autocracy configuration.

This initial period of autocracy may not last long, however. The first experts hired, for example, may draw off much of the leader's personal power and so encourage a transition toward meritocracy. Or, if there is much repetition in the operations, procedures may become established after a short time, and so induce a transition towards a form of bureaucracy, as instrument or closed system.

There are factors, however, that encourage the endurance of the initial autocracy configuration. For one thing, forceful leaders often are relied on to set up new organizations, to ensure their creation on firm foundations. Concurrently, strong-willed individuals are attracted to the leadership of new organizations, in which they can have considerable latitude to act. Moreover, founding leaders have unique opportunities to build organizations to enhance their own influence—to establish procedures and norms that reinforce their personal styles of management, to hire employees loyal to themselves, and so on.

Thus, it is not uncommon for organizations to retain an autocracy configuration throughout their founding leaders' tenure in office, sometimes for decades and sometimes despite strong forces for transition to another configuration. A classic case of this appeared in the Ford Motor Company, whose founder retained his strong system of personalized (and in this case, truly "autocratic") control right up to his death and, consequently, almost destroyed the results of a lifetime of work.

#### Transitions to Development Stage

Organizations as autocracies tend to be precarious ones for a number of reasons. Many are young, and so not firmly established; they typically are small (because personalized control is difficult to maintain in a large organization); and, above all, they rely for management on a single individual. One heart attack can literally wipe out their prime coordinating mechanism. Or, if the leader on whom

they are so reliant loses touch, there may be no one else to step in—no insider with the knowledge or will to confront the leader, no outsider active enough to care. Hence, many organizations die as autocracies, indicated in Figure 1 by the first two parallel lines. Indeed, the death of the organization may be the most natural transition for autocracy, the forces destroying it inherent in its own makeup.

Often, however, precariousness seems to kill the configuration rather than the organization. When autocracy proves unstable, the organization is driven to another configuration. Of the five that remain in the framework, it is believed that transition to three of them is most likely, because of forces intrinsic in autocracy itself, and to a fourth somewhat less so because of intrinsic forces that both promote and counter it.

The most natural transition for the autocracy configuration may be to the missionary, at least after the departure of a charismatic leader. Founding leaders of organizations often are highly charismatic individuals. When they depart, there may be a natural tendency for those who remain to consolidate and institutionalize that charisma in the form of "sagas," norms, and traditions (Clark, 1970, 1972), thereby coalescing around an ideology and so effecting a transition to the missionary. (Or, to look at this the other way, before an organization can emerge as an egalitarian missionary, it may require a period of strong, charismatic leadership in order to establish its ideology.) Left on their own, that may be inclined to happen to many autocracies after the departure of charismatic founders.

But many are not left on their own. (And many are not founded by charismatic leaders in the first place.) Being vulnerable after the departure of their founders, or even during their founders' reign, they become prime candidates for takeover and fall prey to external influences (as Perrow, 1970, describes the fate of the maverick shipping company). Some even seek the protective umbrella of an external influencer, as when an aging entrepreneur or the heir sells the company to a conglomerate firm to ensure its financial health. Of course, an external influencer who commissioned the founding of an organization in the first place, and who waited patiently through an initial stage of autocracy, will eventually move in to consolidate one's power. In all of these cases, the external influencers consolidates their power by instituting bureaucratic controls

through a subservient management, thereby rendering organizations as their instruments. Thus, a second natural and probably more common transition is hypothesized: Many autocracies tend to become instruments, usually because of their own inherent precariousness.

The transition from autocracy to missionary is likely to be smooth so long as no external influencer interrupts it, but transition to the instrument can involve conflict. A founding leader in personal control of an organization is apt to fight an external attempt at takeover. So, too, the other insiders, on the departure of a charismatic leader, likely will resist any attempt by outsiders to render the organization their instrument, because that usually means replacing the budding ideology by bureaucratic controls. Larcon and Reitter (1978, 1979) describe the employees of an elite French furniture manufacturer who resisted attempts by the American parent to consolidate power bureaucratically and convert the firm to conventional mass production. The two sides in the conflict may battle outright until one dominates, perhaps reaching an implicit alliance for a time to avoid destroying the organization altogether (as when a conglomerate retains temporarily a firm's leader after a hostile takeover). Thus, as shown in Figure 1, it is hypothesized, that the transition from autocracy to instrument may be accompanied by an intermediate, and probably unstable and so brief, period of political arena, in the form of confrontation and/or shaky alliance. But once the transition is complete, the organization likely will settle down to the relative calm and stability of its role as instrument, with its power firmly lodged in its external coalition.

Not all autocracies become instruments or missionaries, however. Another possible transaction for the autocracy is to the closed system, although this is considered less likely because of the presence of opposing intrinsic forces, and so is shown by a dotted line in Figure 1. In this case, the administrators as a group succeed the single leader as the center of power. Government dictatorships, for example, often are followed by such bureaucratic regimes, as in the Soviet Union after Stalin. The same thing often happens after an entrepreneur has personally built a large corporation, or an autocratic labor leader, a large utilitarian union (Tannenbaum, 1965; Wilensky, 1961). All of these examples suggest a prime condition under which this

transition to the closed system might be expected to override a transition to the missionary or the instrument: when an organization has grown sufficiently large under personalized leadership to have an already established administrative structure. Indeed, the growth of such a structure often involves conflict before the leader departs—between personal and bureaucratic controls. And on the leader's departure, different administrators may vie for the leadership or may confront external influencers seeking to take over the organization. Hence, it is hypothesized that there is the probable appearance of the political arena, in the form of a shaky alliance and/or confrontation, during the transition from autocracy to the closed system.

This transition of autocracy to the closed system configuration is considered to be less likely than transition to the missionary or instrument, however, because one force in autocracy tends to oppose it: the predominance of personalized power itself. The leader who controls an organization personally can take various steps to avoid such conflict with administrators—one can keep the organization small (so that it will have little need for administrators), leave as soon as more elaborate administration becomes necessary (and so encourage an early transition to another configuration), or simply refuse to allow the development of a strong administration despite the growth of the organization. Each of these steps would encourage an eventual transition to the instrument or the missionary rather than directly to the closed system.

One other transition is likely for autocracy, under one particular condition. It is hypothesized that when an organization is highly dependent on technical skills and knowledge, a rather early transition to the meritocracy configuration is to be expected. Given the need for such expertise, the period of autocracy is likely to be relatively brief. because experts often assume considerable power soon after they have settled into place in a new organization. Medical doctors, for example, bring their knowledge and skills with them to the job; thus a new hospital may be ready to function much like an older one soon after it has been established. This stands in contrast to the organization that does not depend on trained experts, and so must work out many of its own procedures, thereby prolonging its stage of formation. Again, it is hypothesized that the transition from autocracy to meritocracy may

be accomplished by a form of the political arena. Experts intent on taking over power quickly may confront a founding leader in no rush to surrender personalized control, or the two may form a shaky alliance for a time.

#### Maturity as Political Arena or Meritocracy

So far, organizations have been described as forming as autocracies and typically developing as missionaries or instruments, unless growth or expertise induced direct transition to the closed system or meritocracy instead.

What should happen next to those organizations that developed as missionaries or instruments? Essentially the same thing that happened more directly to the autocracies that grew large: it is hypothesized that assuming they survive and continue to develop, both instruments and missionaries tend to be drawn eventually to the closed system power configuration. Another way to express this is that as organizations develop, their procedures tend to become routinized as formal standards, their administrators tend to augment their own power (even in the face of concentrated external influence), and the full time insiders in general come to think of the organization increasingly as a vehicle to serve themselves rather than serving some outsider or some noble mission.

The instrument configuration, as noted earlier, can be maintained only if the dominant external influencer is able to exercise control without having to manage the organization. But two sets of forces make this arrangement inherently vulnerable. First are those that encourage the dispersal of external influence, including the very growth of the organization itself (Berle & Means, 1968; Michels, 1915). Second are the forces that discourage the external surveillance of internal performance. Surveillance of this kind takes energy, but external influencers are external precisely because they have only limited energy to devote to the organization. Some run out of energy, others lose interest (as in the case of heirs to business firms who do not take the trouble to exercise their legal control; Mace, 1971). Moreover, the growth and development of an organization complicates the external surveillance of it (Moyer, 1970).

The organization as instrument must, as described earlier, develop an administrative apparatus to operationalize the goals imposed on it by its

dominant external influencer. This consolidates internal power in the hands of administrators, who are supposed to use it in the interests of the external influencer. But when external surveillance slackens, and as established administrators naturally seek to enhance their own power, they become increasingly inclined to exploit their direct control of decision making for their own purposes. They may even try to pacify the external coalition by dispersing the power of its dominant influencer. Mover (1970), for example, describes how managers of corporations can use a strategy of diversification to diffuse shareholding, and Pfeffer and Salancik (1978) describe how the power of important clients and suppliers can be weakened through vertical integration as well as diversification.

Any force that enhances the power of administrators at the expense of external influencers encourages a transition to the closed system. Indeed, such a transition is facilitated because it requires no change in internal coalition. That coalition continues to be dominated by the system of bureaucratic controls; only new goals need be plugged in at the top by which the organization as a system can be better served. Classic examples of this transition are the closely-held American business corporations that became widely held (Berle & Means, 1968), and as a result came to favor the goal of growth over that of profit (Donaldson, 1963; Galbraith, 1967; Monsen, Chieu & Cooley, 1968).

Missionaries seem inclined to undergo the same transition, but because of somewhat different intrinsic forces. First, time tends to blunt strong ideology, converting enthusiasm into obligation, traditions into dogmas, norms into rules. Excitement diminishes as unrealistic expectations are not met, or realistic ones are. The forces of bureaucracy come to challenge those of ideology. Second is the rise of administrative influence as the organization develops. Every organization requires administrators. But as Selznick (1952) points out, the ideological organization must find ways to maintain discipline without emphasizing administrative authority, because that threatens its egalitarian nature. The Israeli kibbutzim, for example, rotate people in administrative positions. But the development of the organization, as pointed out in the discussion of transitions from the autocracy, naturally reinforces administrative influence. Status differences thus arise between managers and workers, hierarchy is

reinforced, and a transition toward the closed system is encouraged. In his study of radical European political parties and labor unions early in this century, Michels (1915) was so convinced about the inevitability of this transition that he described it under the label "the iron law of the oligarchy."

Of course, not all missionaries survive long enough to make this transition. As both Selznick (1952) and Niv (1978) point out, every missionary sits on a knife edge between isolation and assimilation.

Isolation may be one way to protect the ideology from contamination, but it threatens the survival of the organization. According to the evidence Niv presents, many such organizations run out of resources and/or members and die as missionaries (an eventuality shown by the second two parallel lines in Figure 1). Even among those able to survive with protected ideologies, there is the danger of displacement of missionary zeal by personal needs ("prayers are cut short . . . to leave more time for square dances," Etzioni, 1964, p. 13), which amounts to an equivalent transition toward the closed system configuration. For a number of examples, see Sills (1957) and Gussfield (1957).

As for assimilation, that exposes the ideology to outside forces and the organization itself to the strong tendencies in society to bureaucratize structure—to cede to what can be called "the imperatives of administration" (Mintzberg, Otis, Shamsie, & Waters, 1983). Indeed, organizations intent on the systematic pervasive spread of their missions may have to develop elaborate administrative apparatuses to secure the necessary resources and achieve the necessary scale, although the cost, in terms of lost inspiration, may be high. Thus, just as charisma is institutionalized into ideology through the transition from autocracy to missionary, so too ideology—normative control—can later be institutionalized into bureaucratic control through the transition from missionary to the closed system.

Despite all these natural pressures, it is hypothesized, that the transition from both the instrument and the missionary to the closed system is likely to involve a form of the political arena. When administrators seek power in the face of either a dominant external influencer or some members at least who remain committed to an ideology, the two sides are likely to engage each other in brief periods of confrontation or else to form a shaky alliance during a period of transition (Hirschman, 1970, p. 93).

Thus the discussion leads to the conclusion that in the absence of external forces, organizations that survive and grow are inclined to end up as closed systems when they are fully developed, unless the need for expertise draws them to the meritocracy configuration instead. But meritocracy, in fact, appears to represent a variation on the same theme as the closed system. Both configurations serve to seal the organization off in good part from external influence, and to concentrate power in the hands of insiders who, while using it to enhance the pursuit of the organization's mission, also exploit much of it to serve themselves. In one case it is the administrators who gain the power, in the other it is the experts—which group it is depends on how much technical expertise the organization requires. But the consequences are not so very different. Indeed, these two configurations appear to be the most stable of the six, presumably because of the difficulty of displacing the power of administrators or experts who are firmly entrenched. Thus both are seen as very enduring configurations, organizations being able to sustain themselves in these states for long periods of time. That is why they are shown in parallel in Figure 1 under the stage called "maturity."

There may be one other intrinsic force that explains the duration of these two configurations—their capacity to renew themselves after they stagnate. As shown by the loops under each in Figure 1, it is hypothesized that a common and natural transition for both the closed system and the meritocracy is to a different and renewed state of itself, through the confrontation form of political arena.

The meritocracy typically houses various kinds of experts. As significant changes take place in its need for expertise, newer experts are able to challenge more established ones to displace them in the pecking order of power (Galbraith, 1971). The configuration remains; only the ranking of the actors changes. In like manner, power in the closed system concentrates not on a single administrator but on a group of them. Those at the center of power may get used to pursuing given strategies with standard procedures in the absence of concentrated external influence, and so lose touch with the environment when it changes. As Salancik and Pfeffner note. "The more institutionalized power is within an organization, the more likely an organization will be out of place with the realities it faces" (1977, p.

19). But the organization can renew itself when junior administrators replace senior ones. Because the closed system contains no natural means of succession, other than for the established leaders to name their own successors, politics emerges as the natural means to displace an ineffective leadership. In just such a context, Zald and Berger (1978) describe a form of "organizational coup d'état," staged by a group of young Turks. [Also see Weber, in Gerth and Mills, (1958).] These authors note that the coup d'état retains the strucin effect, the power configurature—and. tion—changing only those who fill its senior positions. For an extended discussion of the role of political activities among administrators and experts in changing established organizations, see Pettigrew (1973) and Mumford and Pettigrew (1975).

Sometimes radical change in strategy is necessary after such a change in leadership in order to renew the closed system. But its internal coalition, being bureaucratic, tends to resist such change. Thus, the organization may have to revert to autocracy for a brief time, suspending bureaucratic procedures to allow its new leader to exercise personal control to force in the necessary changes (Mintzberg, 1979, p. 347). The fully developed organization normally cannot tolerate such personal control for long, however, with the result that once the necessary strategic changes have been made, strong forces likely will arise for a return to a bureaucratic internal coalition and the closed system configuration (and, possibly, for another change of leadership, to rid the organization of personalized control). Miller and Friesen (1980a) provide evidence on the high frequency with which change in leadership accompanies radical change in strategy.

It is believed that the other configurations lack the same capacity for self-renewal, for different reasons. The leader of autocracy can easily lose touch as well, but the rest of the organization as well as the external coalition often is too weak to produce anyone willing or able to displace the leader (in the context of autocracy, at least). In the instrument, it is separation of control of management (power from knowledge) that can impede self-renewal, although the dominant external influencer certainly is in a position to replace the chief executive at will. As for the missionary, self-renewal is discouraged because strong ideology tends to be sacrosanct. A missionary may be predisposed to changing the world, but

seldom itself. Stagnation in each of these configurations, therefore, seems more likely to lead to the demise of the organization (particularly in the autocracy and missionary) or else to a transition to another configuration. Thus, the autocracy, missionary, and instrument are likely to be shorter lived configurations, on average, than the closed system and meritocracy. In life cycle terms, the stages of the former might be described as equivalent to childhood for the autocracy and adolescence for the missionary and the instrument, compared with maturity or adulthood for the closed system and meritocracy.

#### Decline in the Form of Political Arena

What happens to the mature organization? Does it simply carry on, periodically renewing itself? Or does it falter eventually, and disappear? And if so, how? The discussion so far certainly has had a degree of speculation, although certain support has been available for many of the hypotheses. At this point, however, the empirical evidence on organizational demise becomes even more sparse, and the degree of speculation necessarily increases.

The first point on demise is that although the stage of maturity can be long—supported by the capacity of closed systems and meritocracies to renew themselves repeatedly—it is likely to end eventually. Every system at some point has to weaken whether because of internal inadequacies or external pressures (or, more likely, both together). The second point is that demise is unlikely to come in the form of closed system or meritocracy. An organization with one of these configurations is too established, too stable, and, especially in the case of the closed system, too powerful. [One form of meritocracy, previously referred to as operating adhocracy—Mintzberg (1979)—may be an exception because of its need to maintain a steady stream of incoming ad hoc projects.] Something therefore would be expected to drive the organization to another configuration, which in turn weakens it.

Continuing the line or argument, some intrinsic forces must arise in each of these configurations to sow the seeds of its own destruction and effect a transition. In both the closed system and the meritocracy, it is believed that the forces of destruction lie in their own detachment from external influence. To paraphrase Lord Acton, their absolute power tends eventually to corrupt them absolutely.

As the closed system gets larger and more powerful, there may be a natural tendency for its members to become more indulgent in their use of its power, more arrogant about their own influence. This can bring them into increasing conflict with one another—for example, over the distribution of the surpluses—and thereby begin to politicize the internal coalition. Moreover, this behavior is likely to attract the attention of external influencers, who may begin to question the legitimacy of the whole configuration of power. They may form different pressure groups to challenge the insiders—much as Ralph Nader and his associates have repeatedly challenged General Motors—which gradually would tend to divide the external coalition and create conflict between the external and internal coalitions. Hence it is hypothesized that the eventual transition for the closed system no longer able to renew itself is likely to be to the political arena, in the form of the politicized organization (i.e., pervasive and moderate conflict). Blumberg (1971), for example, describes the gradual politicization of the giant American corporation in much this way.

It is hypothesized further that the same type of transition might eventually be expected from the meritocracy no longer able to renew itself. This, too, is a power configuration predicated on the influence of an elite group of insiders who control the organization. Relatively free of the constraints of external influencers and even, to a large extent, administrative controls, the experts also can become more indulgent in the use of their power—for example, treating clients callously and ignoring the needs of the organization itself. This can easily politicize the internal coalition, which in meritocracy tends to be on the verge of that state in any event. And as the system of politics begins to displace that or expertise in the internal coalition, various external influencers, concerned about the performance of the organization and the behavior of its experts, may become more active. The external coalition may thereby become divided, and because the internal experts are likely to resist external influence, conflict can arise between the two coalitions. Again, the result would be a transition to the political arena configuration, in the moderate, enduring form labelled here as the politicized organization.

What happens to the organization that has adopted this form of power configuration? Can it escape its pervasive politics? Does it meet an early

demise? In the most common case, the inclination is to suggest a negative answer to both questions. In showing the renewal loops under both the closed system and the meritocracy earlier, it was argued in effect that both of these configurations can escape temporary states of intense politics (the form of political arena labelled confrontation). Indeed, it was argued that politics is a force that arises to renew each of these configurations. But the politicized organization form of political arena is different. Here the politics is moderate but pervasive, infiltrating both coalitions as well as the relationships between the two of them. Politics, in other words, captures the organization and its immediate environment, and it thereby becomes a way of functioning—of working out relationships and making decisions—for example, through bargaining instead of calculation or individual judgment (Thompson & Truden, 1964). And once a well developed and long established organization has been so captured—in other words, once it has attracted a variety of conflicting external influencers and allowed its internal influencers to get used to pursuing their needs through politics—it may never be able to escape. Which of the giant and highly politicized organizations in contemporary society—in government or out—is ever likely to escape conflict? Which of their major groups of influencers—internal or external—is ever likely to leave them alone?

By the same token, given the established positions of these organizations, and the only moderate conflict pervading them, their demise is not likely to come quickly either, despite their inherent inefficiencies. Indeed, politics can very well sustain them. as they exploit the privileged positions they developed as closed systems or meritocracies to support themselves artificially, or politically—that is, through contacts and influence rather than efficient pursuit of mission, as Perrow (1970), for example, describes the behavior of Consolidated Edison of New York. As Pfeffer and Salancik note, "Large organizations, because they are interdependent with so many other organizations and with so many people, such as employees and investors, are supported by society long after they are able to satisfy demands efficiently" (1978, p. 131). The expected result is that the stage of politicized organization can be rather enduring, especially in cases in which performance is difficult to measure yet support tends to come on a self-perpetuating basis, as in the case of

a regulating agency funded by government.

But to say that the state of moderate, pervasive politics tends to be enduring is not to deny the possibility—indeed the likelihood eventually—of organizational demise. Few organizations seem to survive several generations, and hardly any, like the Catholic Church, span different eras of history.

The demise of the politicized organization, it is believed, stems from decline of the organization's privileged position and specifically from the loss of any means of artificial support. No organization, in this writer's view, can sustain pervasive conflict without some form of these; and no organization can retain these forever. It is hypothesized that once an organization captured by pervasive conflict loses its privileged position and/or its artificial means of support, it is most likely to make a transition to the complete form of political arena (intense and pervasive conflict), followed quickly by its demise. That is to say, once demise becomes imminent, the pervasive conflict is likely to intensify—as influencers seek to protect their own interests and to gain a final share in the spoils—and this breaks down the organizational process completely. Thus it is believed that the complete political arena not only arises when organizational death approaches, but that it also serves to kill the organization decisively.

This argument is not meant to close the door on renewal entirely. Some organizations do manage to pull themselves out of a state of pervasive conflict and renew themselves, like the legendary Phoenix that arises from its own ashes every five hundred years to begin a new cycle. In this case, it is hypothesized that organization renewal, where possible after a stage of politicized organization, is likely to begin with autocracy. The main reason for this claim is that it takes very strong leadership to effect such a renewal. Much as in the case of new organizations, renewed organizations need strong leaders who can create new structures, hire new people, and rid the organization of established procedures. Such leaders tend to consolidate power around themselves personally. Moreover, as Hamblin (1958) has demonstrated under laboratory conditions, autocracy seems to be the configuration best suited to the resolution of crisis, because of its tightly centralized power. And conflict almost to the point of demise certainly means crisis. In other words, a leader with near absolute power to effect change likely represents the greatest hope—if not the only hope—of renewing an organization captured by conflict. But the task is considered to be such a difficult one that the loop in Figure 1 from the political arena back to autocracy is shown as a dotted line, to suggest that the demise of the politicized organization is a more likely eventuality.

# Life Cycles in a World of Organizations

This model is presented to suggest leading tendencies in some organizations, not definite occurrences in all of them. Reality is always more complex than its description on paper. Such description labels, and thereby oversimplifies and distorts, but that should not detract from the help it offers in comprehending the reality.

The model suggests that as organizations survive and develop, their power systems tend to become more diffuse, more complex, more ambiguous, and at some point, less functional, even though, ironically, more stable. Present in most if not all organizations are a number of tendencies—deference to leadership, support of mission, service to external constituency, protection of themselves as systems (or at least of their own members), and conflict among their different actors. But it is also believed that many organizations pass through series of power stages, each relatively stable in nature (although brought on by brief periods of instability), during which various of these tendencies are more prominent than others. The early stages seems to be characterized by more focused forms of power, the later ones by more dispersed forms. Strong leadership seems often to be a leading tendency at the outset, enabling organizations to establish themselves (although making them precarious). Once established, many organizations seem to become more responsive to external service, either directly through the catering to an identifiable constituency or indirectly through the enthusiastic pursuit of mission. Here organizations would seem to be serving society most effectively. Not long after, however, many seem to turn inward. Leadership does not disappear, nor does service to external constituency or pursuit of mission, but a certain tendency to serve the organization as a system unto itself, or at least to serve its elite members (whether administrators or experts), may become prominent. This would seem to represent the beginning of a certain

corruption, but it also can be a time when the organization is in fact able to serve society most broadly. Society pays a price for organizations that serve themselves and their key members, but it also extracts from them services on a scale it cannot expect from other organizations. Unfortunately, however, the process of corruption may continue, so that eventually a new tendency may become prominent—namely, conflict among a wide variety of insiders and outsiders who wish to use the organization for their own purposes. Leadership, service to external constituency or to mission, even service to the system itself, all get displaced somewhat by conflict, to the detriment of performance. The demise of the organization then is to be expected.

The implication of this model is that once established, organizations peak in their service to society and then begin to decline. Applying the model to a population of organizations, one therefore would expect a healthy society to be one that sustains a steady level of replacement of old, spent organizations by young, energetic ones.

Unfortunately the present society seems to be one that distorts this process. It seems to be one of giant organizations, many of them sustained by artificial or political means. That is to say, it seems to be increasingly dominated by closed systems and political arenas, many of them supported by distortions in markets, by the power of mass communication, by arrangements they have established with each other, or by governments fearful of the consequences of their demise. Such organizations are sustained perhaps because people are caught in the web of the organizations' (and their own) power or perhaps in the hope that organizations will somehow be able to renew themselves. The model suggests, however, that this may be a false hope. It suggests further that, in a population of organizations, sustenance of these organizations can distort the life cycle process, creating an excess of older organizations, bunched up at the end of the process, that monopolize the resources needed to create new ones.

Yet even if renewal were possible, it is questionable whether that would be the most desirable course. The mythical Phoenix may arise in the freshness of youth; the real organization does not. Legacies remain, which influence behavior. The organization may be wiser for its experiences, but it also must be wearier.

It is an irony of contemporary society that older organizations designed to serve themselves as systems are so stable and those captured by conflict so protected, while younger organizations that respond to creative leadership or that exhibit strong sense of mission are inherently so vulnerable, and so unfashionable. Today it almost seems wrong to believe in what is produced, as opposed to how, or, more to

the point, for whose personal benefit. Should we not be encouraging the demise of large, spent organizations, so that they can be replaced in a natural cycle of renewal by younger, smaller, less constrained and more vibrant ones? Does the society that discourages the demise of its spent organizations not risk its own demise instead?

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