From: Strategic Management: A New View of Business Policy and Planning
D.E. Schendel and C.W. Hofer (eds.)
(Little, Brown, 1979)

Organizational Power and Goals: A Skeletal Theory*

HENRY MINTZBERG
McGill University

INTRODUCTION: THE EVOLUTION OF GOAL THEORY

The literature on organizational goals has done a complete reversal in this century. Not long ago, the traditional viewpoint of micro-economic theory was widely accepted: that a *single actor,* called the entrepreneur, controlled the organization and that, serving as the agent of the system of pure competition, he imposed a *single goal* on the organization — the maximization of profit. In effect, the organization was his instrument. But this viewpoint came to be attacked on three grounds: whether profit, as opposed to, say, sales, was the one goal that was maximized; whether maximization was indeed possible; and whether it was moral.

Papandreou (1952) sought to save the assumptions of single actor and maximization by discarding that of a single goal. He proposed that *many goals* were imposed on the organization, by a variety of what we shall here call *influencers,* but that these still passed through a single actor, a "peak coordinator" (typically top management), who reconciled them all into a single preference function that was maximized. A decade later, Simon (1964) entered the battle. In suggesting that all goals were really constraints, he sought to do away with the assumption of maximization. On a related front, but much earlier, Barnard (1938) had introduced the notion that the employees too were active participants, who sought to negotiate inducements in return for their contributions. They did not determine the organizational goals per se, but their power to negotiate raised questions about the assumption of a single actor.

That assumption was discarded when Cyert and March (1963) pulled these ideas together into a theory involving *many goals* and *many actors.* A variety of influencers vied for control of the organization, and through the processes of bargaining and coalition formation, they distributed organizational power on the basis of their personal power. But Cyert and March argued that goals did emerge from the bargaining process, although these were inconsistent over time, since the needs of different influencers were attended to sequentially in the continual process of bargaining.

It was left to Georgiou (1973), among others, to complete the story, to take the final step that Cyert and March avoided. The assumption of even many goals was dropped: organizations had *no goals* at all; they were merely political arenas, convenient places for influencers to play power games with each other.

Four sets of questions emerge from this literature on organizational goals: First, how does the organization deal with multiple and often conflicting goals? Does it maximize any one? Can it? If not, how does it reconcile the conflicts? Second, are goals independent or dependent variables? That is to say, are goals given — imposed on the organization to determine decisions and actions — or do they emerge from the bargaining over decisions and actions? Another way to put this is to ask for whom the organization exists. Is it someone's *instrument*? Or is it a *political arena,* in which individuals vie for influence? Or is it perhaps, a *system* unto itself, with its own intrinsic goals? Third, can the organization be said to have goals at all, or only its influencers? Does a distinct "collective intent" really exist? And fourth, the overriding question: How do personal goals, needs, expectations or whatever get translated into organizational decisions and actions?

All of these questions can be answered only by focusing on the last one, on how power is used in the organization. Organization goals — what is sought through the decisions and actions

* Published here for the first time. Copyright © 1979 by Henry Mintzberg.

organizations take — if they indeed exist, are the results of the play of power. So our interest in organizational goals must be put aside temporarily. Instead, we must look at power, specifically at: (1) which influencers play the power game in and around the organization, (2) *what means of influence* they use to affect outcomes, that is, decisions and actions, and (3) what kinds of *coalitions* they form to distribute their power. It will be convenient in addressing these three issues to make a fundamental distinction between the *External Coalition* (EC) and the *Internal Coalition* (IC). The former encompasses the *external influencers*, those persons or groups who must vie for power from outside the structure; the latter encompasses the *internal influencers*, those inside the structure, essentially the full-time employees who actually make the decisions and take the actions.

The paper begins with a discussion of the External Coalition — who belongs to it, what means of influence they use to affect outcomes, what basic ways they tend to distribute their power. Then, these same three issues are discussed for the Internal Coalition. Next, these two discussions are put together to present six basic *power configurations* that appear to be common in organizations. Finally, the issue of goals is reexamined, describing the organizational goal system (as well as the strategy formation process) that seems to be dictated by the distribution of power in each of the six configurations.

THE EXTERNAL COALITION

The external influencers of the organization may be thought of as falling into four main groups: the *owners*, who hold legal title to the organization, the *associates*, who trade with it, buying, selling, and working in partnership with it, the *employee associations*, which represent the workers of the organizations, and the various *publics* that surround the organization, including general groups, such as the employee's families and public opinion leaders, and special interest groups and government in its various forms.[1]

How do these influencers, outside the daily decision making process, influence it to get what they want? This same question can be posed in a much more fundamental way, namely: how does society control its organizations?

Influencers have power in the External Coalition to the extent that they are concentrated and that the organization is dependent on them (Jacobs, 1974). Thus the organization is far more responsive to the single monopolist who controls its source of supply than to the one supplier among thousands who does not; the closely held corporation is more responsive to its owners than the widely held one; the hospital is more responsive to the local government that grants its charter than the federal one that does not.

Concentration and dependency provide the potential for power. But that potential must somehow be manifested. Specifically, the external influencers must find some means to influence the decisions and actions of the internal influencers. Five fundamental *external means of influence* can be isolated — social norms, specific constraints, pressure campaigns, direct controls, and membership on the board of directors.

Social Norms

The most general means of external influence is the set of social norms that exist in the environment of every organization. They range from very general values ("Thou shalt not steal") to rather specific guidelines (hospitals should release patient information to relatives first). Social norms impinge on the internal influencers from a variety of sources — their parents and the teachers they had, influential

[1] A number of points of clarification are in order. Associates, or any of the others for that matter, are influencers only if they seek to affect outcomes directly. Customers in straight economic trading relationship are not influencers; monopsonists can be. Likewise competitors can be included as associates, for example, when they seek to exert influence through trade associations. The employee associations, as distinct from the employees, are treated as external influencers (at least, like the associates, when they move beyond a pure economic relationship) because they bargain with management outside the usual decision making processes of the organizations, much as suppliers do!

friends, chance encounters, the media, other organizations to which they belong. These norms develop over long periods of time and remain in a perpetual state of transition. Together they vaguely define an n-dimensional space of acceptable organizational behavior. But their perpetual change produces ambiguities for the organization. Can the corporation, for example, always "be efficient" and "keep the environment pollution-free" at the same time?

Specific Constraints

A specific constraint is often a social norm made official. An external influencer defines more precisely some minimum acceptable level of behavior, and couples it with some official sanction to ensure compliance. Many specific constraints are imposed by governments, through laws and regulation, but not all. A union may bargain for a safety regulation in all the firms in one industry, while a supplier may establish a sales quota for a customer, as do the automobile companies for their dealers. The set of specific constraints defines a second n-dimensional space for the organization, within the first, with fewer dimensions, and with better defined boundaries.

Pressure Campaigns

Social norms are vague and unenforceable, while specific constraints are limited to well-defined actions, and even then only establish minimum levels of acceptable behavior. So the external influencers intent on more focused, yet more flexible means of external influence, turn to the pressure campaign. They group around an issue in order to exert pressure on the organization to take some action or change some behavior. The pressure campaign takes a variety of forms. Employee associations use the strike; associates refuse to trade with the organization; governments use moral suasion or threaten legislation (new specific constraints); special interest groups attack through the media, harass at annual meetings, sit down in front of bulldozers, and throw downstream sludge on executive carpets. Pressure campaigns, while they are often used because social norms and specific constraints fail to control organizational behavior, are also designed to lead these. By focusing on specific cases, such as the dangers of water pollution from a certain factory, they raise the public's consciousness about a general issue, and thereby change its general norms and perhaps also encourage its legislators to introduce new specific constraints.

Direct Controls

The most powerful external influencers are able to use two other, much more direct external means of influence. They can rely on a series of direct controls, or they can seek a seat on the board of directors of the organization.

Five kinds of direct controls can be delineated. The first is direct access. Simply having personal access to an internal influencer, as does a spouse, can constitute a significant source of power. Second and more direct is the inclusion of an external influencer in a decision process — in effect the joining temporarily of the Internal Coalition — as when a customer is asked to send a representative to a task force charged with designing a new product. A third and more potent form of direct control occurs when an external group is able to plant one of its own members permanently inside the Internal Coalition, for example, when a parent firm — an owner — names the controller of a subsidiary. A fourth form, and more direct still, occurs when an external influencer retains the power to authorize an organizational decision, sometimes informally, as when a racetrack consults the horse owners on all major decisions because they are key suppliers, and sometimes formally, as when an airline must seek FAA approval on a rate increase.[2] And fifth, direct control is most powerful of all when an external influencer can actually impose a decision on the organization in the first place, as when an owner names the chief executive or a powerful customer dictates what products will be produced.

[2] Such authorization constitutes the power to block or even change a specific decision; in contrast, a specific constraint guides in the same way all the decisions of a given class.

Formal Coalition

The final external means of influence is membership on the board of directors of the organization, what I shall call its Formal Coalition (FC). Traditionally such membership has been thought to be restricted to the owners of the organization. In fact, however, representatives of all four groups of external influencers can be found on boards, business and otherwise. Indeed, Chandler (1975) surveyed corporate directorship announcements in the *Wall Street Journal* for three months, and found that less than 1% of the new directors held substantial blocks of shares.

But how much of the organization's power in fact resides with the Formal Coalition? In law, all of it. "The business of a corporation shall be managed by a board of at least three directors," says United States General Corporation law. In fact, however, sometimes none of it resides with a board. The evidence on the power of the board to control decision making (e.g., Zald, 1969; Mace, 1971) suggests a wide range. Some boards are complete facades, powerless bodies set up to satisfy legal requirements. Others are instruments *of* the organization, used by it to provide services to it. And some emerge as more serious controlling devices. It all depends on the type of External Coalition.

Two ambiguities are of interest here. First, to whom are the directors responsible, some external constituency or the organization itself? The National Industrial Conference Board (1967) claims that "The basic legal responsibility of the board is to manage the company in the interests of the stockholders. In carrying out this task, the directors must exercise 'reasonable business judgment' and be 'loyal to the interests of the corporation.'" But what if it is in the interests of the shareholders to liquidate the corporation? Should the board act in the interests of the stockholders or the corporation? In other words, from the directors' point of view is the organization an instrument of outside interests or a system unto itself?

The second ambiguity is that the board is given no *specific* means to control the behavior of the organization; rather it is given *every* means. This provides it with a choice, to manage the corporation itself (in which case the board becomes the executive committee, its chairman, the chief executive officer) or to name a chief executive as its trustee to manage the organization.

The first choice poses some fundamental problems. If board members are part-time, they cannot properly manage the organization, a full-time job. And if they became full-time, they cease to be *external* influencers, to represent external constituencies. To use Selznick's (1949) word, they became "coopted." So boards do not manage corporations at all, or at least, if they do, they leave the External Coalition. (The perfect facade occurs with the so-called "inside board," comprising only full-time executives.)

As for the second choice, of naming a management to run the organization, this causes the board difficulty in keeping itself informed. The evidence is overwhelming that full-time managers are far better informed than part-time directors, typically to the point of being able to manipulate the directors at will. (Curiously, an advantage claimed for the inside board is that it suffers no such information problems [see, for example, Brown and Smith, 1958]. True enough, since it is simply an executive committee by another name. What it suffers is legitimacy problems, since it precludes external influencers — including shareholders — from using this fifth external means of influence.)

With these two ambiguities in mind, the various roles that boards have actually been shown to play in organizations can be considered. Eight in all will be discussed, three of a controlling nature and five of a service nature.

The first control role is the selection (and dismissal) of the chief executive officer, Papandreou's peak coordinator. This constitutes great power — if one believes that the bee has great power by virtue of its sting. For boards cannot hire and fire chief executives frequently; they can sting only once, or at least only once in a while. The second control role of the board is the exercise of authority during periods of difficult change, for example, during a major transformation of strategy or in the event of the incapacitation of the chief executive. During these periods, board members typically spend much more time on the job, insisting that management

keep them better informed. Boards can assume great power during such periods, but these are typically short-lived. The third control role is the review of performance and perhaps also major decisions of the management, for example, to acquire a firm or increase the dividend. But here again, management is in charge and is better informed; except for very sensitive decisions, which management may prefer to leave to the board, it typically proposes and the board ratifies. As for performance review, the evidence from Mace and others suggests that it too is often rather cursory.

In effect, the competent chief executive says to the board: "Listen, I am a package. Take it or leave it. You don't understand much about the decisions I have to make. So don't meddle. I will make them. If you don't like them, fire me. Otherwise leave me alone." So while ultimately the board may have power, on a day-to-day basis it is of a rather limited kind. This, of course, assumes it wishes to have power; the evidence of Mace (1971) and others suggests that the directors of widely held business corporations are in effect chosen by the chief executive, and are beholden to him, with little desire to bother him. Mace even claims that these chief executives, upon retirement, select their own successors, and then ask their boards to ratify their choice.

The roles of boards — at least some of them — do not stop with control. Boards also *serve* the organization, in at least five ways. They coopt external influencers, that is, they offer membership to outside groups in order to win favors or support, as when a major customer is given a seat to retain his business. They legitimize the organization by seating high-status members, as when an astronaut joins the board of a cookie company. They develop contacts for it, as does the retired general serving as director of a manufacturer of military hardware (which raises the whole debate about interlocking directorships; Dooley, 1969; Levine, 1972). They provide it with specialized advice, which explains why lawyers and bankers are such prized board members. And finally, they help it to raise funds, another reason why bankers serve on so many boards and businessmen are such popular directors of non-profit institutions.

What emerges from this discussion of the Formal Coalition is an indication that it can vary substantially in the control it exercises over the organization: it may seek to control management, it can serve the organization, or, it can exist as a façade, an entity to satisfy the legal requirements. And this underlies a broader conclusion: that the External Coalition itself can hold a wide range of power with respect to the Internal Coalition. This range can be expressed in terms of three basic types of External Coalitions, or ECs.

Three Basic ECs

Most powerful is the *Dominated EC*, where a single individual or cooperating group holds most of the power in the External Coalition. This focus of power facilitates control of the Internal Coalition, either through the Formal Coalition or more likely through the use of direct controls (in which case the Formal Coalition becomes a facade or an instrument of the organization). An external influencer becomes dominant typically because he controls some key organizational dependency. The trustee may be able to dominate the social work agency dependent on him for funds, as can the monopolist, if his customers are dependent on him for supplies.

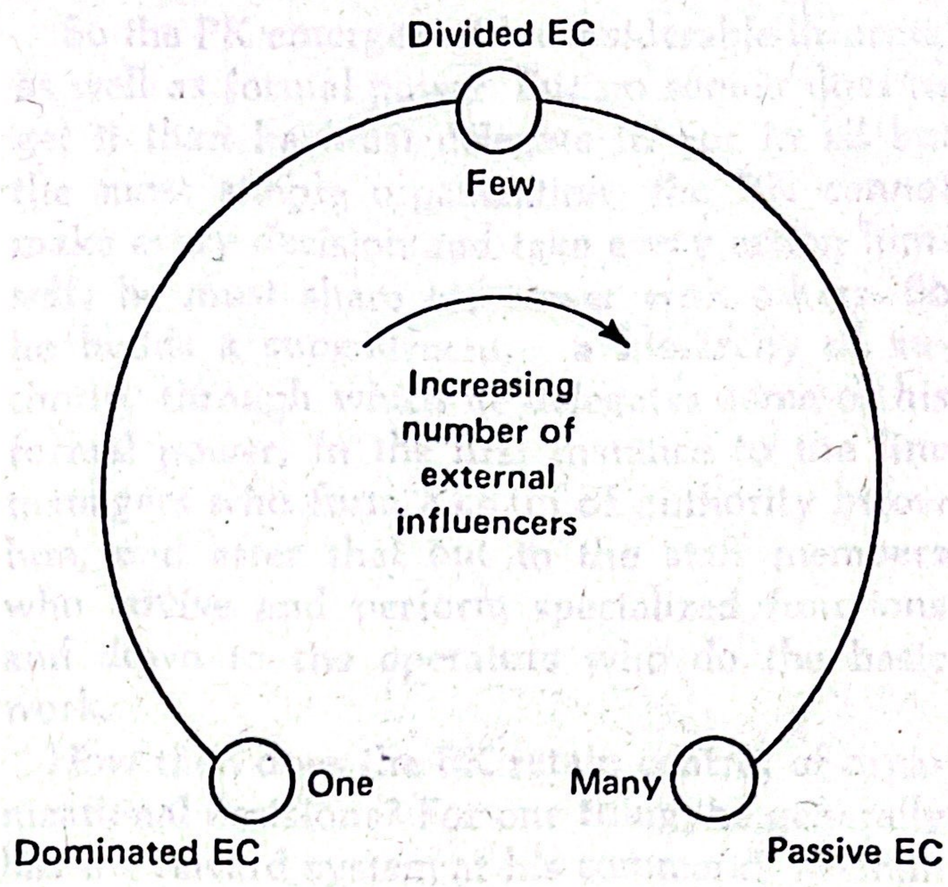
In the *Divided EC*, power is shared among a few main individuals or groups who seek to impose different goals in the organization. With each of them vying for control of organizational outcomes, every external means of influence is brought to bear, notably pressure campaigns, specific constraints, direct controls where possible, and the Formal Coalition, whose seats are hotly contested (unless, by law, one of the group controls them, in which case the other external influencers rely more extensively on the other means of influence).

When the number of individuals or groups competing for power grows large, an interesting thing happens: the power system reverts back to a form of dominance, but by the management: a *Passive EC* emerges. Shareholders of the widely held corporation, members of the international union, suppliers of the large farm cooperative, customers of the retail chain co-

operative — all ostensibly owners — often turn out to be surprisingly passive vis-à-vis the management. As Olson (1968) shows in a mathematical analysis, when power is widely and evenly dispersed, it simply pays no one individual to exert the effort to control the management, or to organize any of the others to do so. Direct controls are little used in the Passive EC, and the Formal Coalition becomes an instrument of the organization or a facade, as Mace describes it in the widely held corporation. However, as in all External Coalitions, some use is inevitably made of social norms, specific constraints, and pressure campaigns as well.

These three basic kinds of External Coalitions form a continuum along a scale of the number of independent external influencers. But, as shown in Exhibit 2.4, it is a continuum that folds back on itself, the Passive EC resembling the Dominated EC. In effect, as the number of independent external influencers increases from one to infinity, the External Coalition metamorphoses from the Dominated to the Divided and then to the Passive form.

Exhibit 2.4 Three Basic Types of External Coalitions

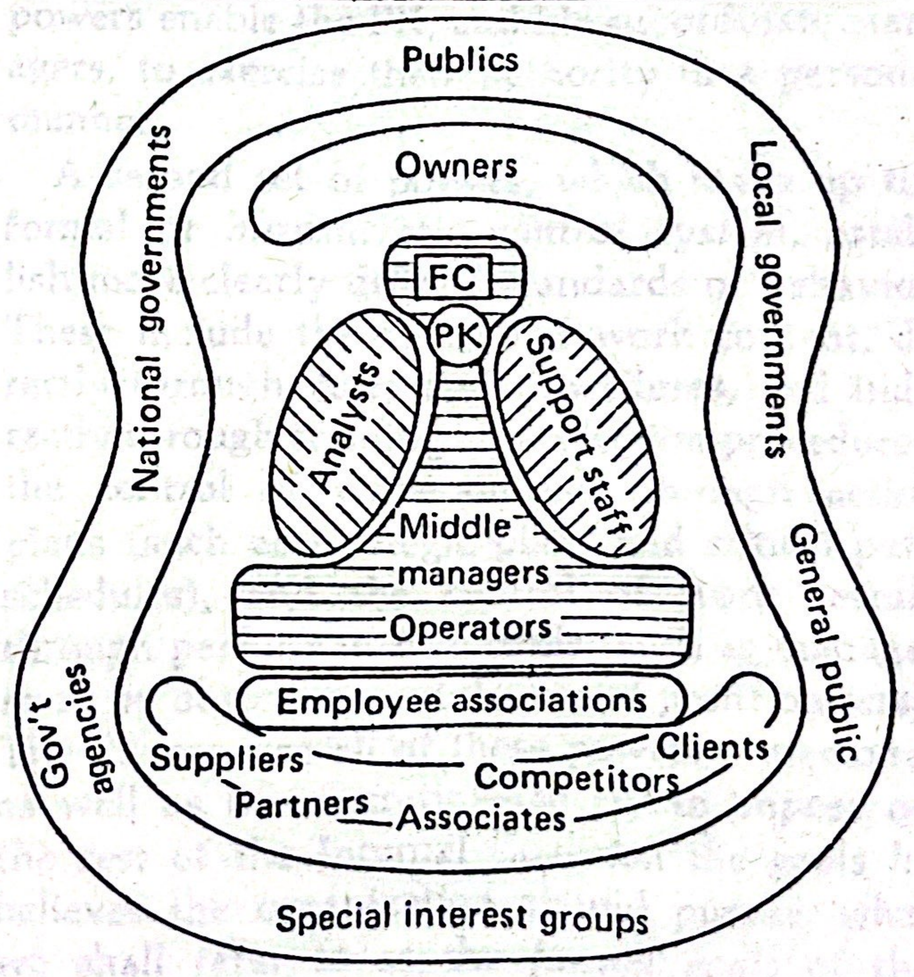


THE INTERNAL COALITION

No matter what the External Coalition, it is only through the efforts of the Internal Coalition that actions get taken, and goals emerge. This is the heart of the organizational power system.

The internal influencers can be divided into five groups, as shown in Exhibit 2.5, together with the external influencers already discussed. At the apex is the top management, which shall be referred to (after Papandreou, 1952) as the *Peak Coordinator,* or PK. Below lies the hierarchy of *middle line managers,* which ends up in the "operating core" where the *operators* — those people who do the basic work of the organization — are found. And to either side of the middle line are staff groups. On the left are the analysts of the technostructure, who design the systems by which the organization maintains itself and adapts to its environment (e.g., planning and control systems, work study systems, etc.). And on the right are the *support staff,* who provide indirect support to the rest of the organization (everything from the cafeteria to the legal counsel in the business firm). Power in the Internal Coalition is distributed among these five groups of internal influencers according to the nature of four fundamental systems of influence: the personal control system, the bureaucratic control system, the political system, and the system of ideology.

Exhibit 2.5 The Influence in and around the Organization

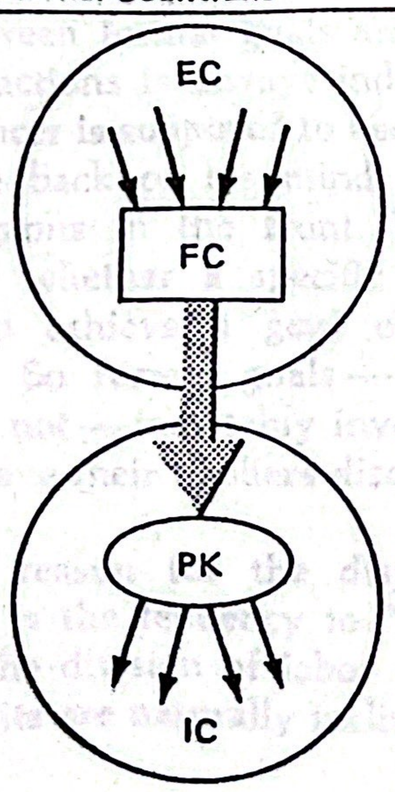


The Control Systems

The Peak Coordinator (PK) inevitably emerges as the single most powerful individual in the organizational power system, for three reasons. First, as noted above, the Formal Coalition cannot manage the organization and so must name the PK as its trustee to do so. Thus all of the formal power of the Formal Coalition passes to the PK in the first instance. This gives rise to a kind of symmetry of formal power, as shown in Exhibit 2.6: the Formal Coalition, representing the formal power of the External Coalition, is mirrored by the PK, representing the formal power of the Internal Coalition.

But as seen above, while the Formal Coalition may hold formal power, a good deal of informal power resides elsewhere in the External Coalition. But this too often leads to considerable PK power. The external influencers do not generally confront each other in face-to-face bargaining to distribute their power. (This can happen, in theory, only in the Formal Coalition, and, as has already been seen, many important external influencers are typically not even represented there.) Rather, as the very term Peak Coordinator implies, they exert a good deal of their power directly on the PK who in turn seeks to reconcile their wishes in the decisions he makes. And in so doing, he gains considerable informal power himself.

Exhibit 2.6 Symmetry of Formal Power between the External and Internal Coalitions



So the PK emerges with considerable informal as well as formal power. But no sooner does he get it than he must delegate it. For in all but the most simple organization, the PK cannot make every decision and take every action himself; he must share his power with others. So he builds a superstructure, a hierarchy of authority through which he delegates some of his formal power, in the first instance to the line managers who form a chain of authority below him, and after that out to the staff members who advise and perform specialized functions and down to the operators who do the basic work.

How then does the PK retain control of organizational decisions? For one thing, he generally has the reward system at his command, wherein the employees are remunerated for their contributions. To quote a Russian proverb, "Whose bread I eat his songs I sing." But how are the employees to know what those songs should be? To let them know — to achieve coordination and control in the organization — the PK, or in turn his subordinate managers, use an array of powers which make up two distinct organizational control systems.

The personal control system includes the issuance of direct orders, the review of the decision of others, and the allocation of the resources that can be used in actions. These powers enable the PK, and his subordinate managers, to exercise their authority in a personal manner.

A second set of powers, which make up the formal or *bureaucratic control system*, establish more clearly defined standards of behavior. These include the control of work content, directly through rules and procedures, and indirectly through training and selection procedures, the control of work outputs through action plans (such as strategic plans and critical path schedules), and the control of work results through performance controls (such as management by objectives and the use of profit centers). The PK can use all of these powers — personal as well as bureaucratic — to try to impose on the rest of the Internal Coalition the goals *he* believes the organization should pursue, what we shall refer to as the *formal goals* of the organization. To take the most pointed example,

the PK can use performance controls to operationalize his formal goals. He quantifies them (as "objectives"), and then factors these into a hierarchy of subobjectives which he imposes on each and every unit as the performance standards it must meet. In this way, in theory at least, should all the units achieve their respective subobjectives, the organization will accomplish its formal goals.

The Political System

But this neat picture of the organization glosses over an important issue. A *political system* arises in the Internal Coalition to "displace" the *formal* goals imposed on it by the PK. This political system arises for a number of reasons. First, there are always ambiguities in the formal goals. Ideally, the PK would like to operationalize them in the hierarchy objectives, since goals are least ambiguous when expressed in quantitative form. It is one thing to be expected to generate profit or knowledge, quite another to be asked to produce a 10% return on investment or publish three articles a year. The problem, however, is that not all goals can be sensibly quantified. (Does the publication of three articles necessarily generate knowledge?) And even for those goals that can, distortions inevitably occur in the process of quantification such that pursuit of the objective is never quite the same as pursuit of the goal. (To achieve a return of 10% this year may necessitate damaging the long-term profit potential.) Moreover, the link between formal goals and specific decisions and actions is always indirect. The internal influencer is supposed to keep the general goals in the back of his mind as he makes specific decisions in the front. But it is not always clear whether a specific decision will actually help achieve a goal or impede its achievement. So formal goals — quantified as objectives or not — inevitably involve ambiguities which leave their appliers discretion to displace them.

A second reason for the displacement of formal goals is the tendency to "suboptimize" inherent in the division of labor of the superstructure. Units are naturally inclined to pursue narrow goals that pertain to their own function at the expense of the broad or formal goals that pertain to the overall organization. Similarly, there is a tendency on the part of internal influencers — each of them specialized in their tasks — to invert means and ends, to focus on their own means of work and forget about the ends these are meant to accomplish. Only if the division of labor is perfect in the organization — and, of course, it never is — do these behaviors not lead to the displacement of formal goals.

Third, group pressures arise within the Internal Coalition which encourage the individual to displace the formal goals in favor of those of the group. Fourth, external influencers sometimes bypass the PK, and use their power on internal influencers directly, encouraging them to give more weight to their demands than the PK saw fit when he developed the formal goals. And finally, the internal influencers have their own personal goals which they seek to pursue in place of those imposed on them by the control systems.

Given the internal influencer's incentive to displace the PK's formal goals, what bases of influence — necessarily informal in nature — are at his disposal to do so? First, he may control a critical function. Research indicates that informal power in the Internal Coalition derives from having a vital and unique expertise, from providing critical resources, or from being uniquely able to cope with an important uncertainty (Mechanic, 1962; Crozier, 1964; Hickson et al., 1971; Thoenig and Friedberg, 1975). Second, he may stand at a junction of important information channels in the organization. By being able to control the information that flows into the different channels, the internal influencer can build an important power base in the Internal Coalition (Hickson et al., 1971; Pettigrew, 1973). A third and very different informal basis of influence is simply the expenditure of effort: power flows to those who have the time, the energy — and the will — to fight the political battles. And finally, political abilities constitute a fourth important basis of influence. Informal power in the Internal Coalition often requires a "constituency." An influencer can generate power by virtue of his personality — "charisma" is the word used to describe natural leaders —

or by virtue of his political skills, such as bargaining and persuasion.

But again, potential power must be manifested somehow. In the Internal Coalition, these bases of influence are used on three prime playing fields. The main one is, of course, the decision making process itself. Internal influencers, particularly the different line managers with formal authority, vie to control the different choices that must be made. But control of choices is not sufficient. Control of the information and advice that feed into the making of these choices constitutes a second major playing field of the Internal Coalition, one used especially by staff personnel. When the decision maker is dependent on his advisors for their specialized knowledge, the latter may come to control the choices he makes. Pettigrew (1973) describes how each of three advisors sought to convince management to buy their favored computer system, the advisor having the best access to management eventually winning the day. And the execution of the choice emerges as the third major playing field of the Internal Coalition, because what counts ultimately is not control of decisions but control of actions, what the organization actually does. A decision is only a commitment to action, an intention to do something. The decision must be executed. And the internal influencers who execute the decisions — in particular the operators — may be able to intervene after the commitment, especially if it contains ambiguities, to deflect it to an action they prefer. Scheff (1961) describes vividly how the attendants of a mental hospital were able to block and distort managerial decisions in the execution phase to serve their own needs.

All kinds of power games arise in the Internal Coalition as the different bases of influence are used on these three playing fields. The operators block formal goals in favor of personal ones in the execution step; battles rage between staff specialists with the informal power of expertise and line managers with the formal authority; alliances push their own strategic candidates through the system; various individuals use whatever formal and informal power they can muster to build empires within the Internal Coalition.

To this point, the control systems and the political system have been developed as independent, and quite opposed, forces in the Internal Coalition. To use the economist's term, the former are "rational": they seek to impose the formal goals on the IC, those that the PK believes should be pursued by the organization. The latter is "irrational": it represents all kinds of private, in a sense clandestine, interests.

But this view can be challenged on two grounds. First, it assumes that the formal goals imposed on the Internal Coalition by the PK — representing his interpretation of the power system — are legitimate, while the informal goals of the other internal influencers, used to displace the formal goals, are not. That is a fair assumption to the extent that formal authority is viewed as valid, specifically to the extent that the organization is viewed as the instrument of the PK, the Formal Coalition, or whoever officially controls these. But as was seen earlier, some theorists view the organization as nobody's instrument, but rather as a political arena, a legitimate place to bring all kinds of power — informal as well as formal — to bear on decisions and actions.

Second, closer study suggests that the dichotomy between the rational and the political is not all that sharp. Especially when the External Coalition does not speak with a clear voice (as in the Divided form), or speaks hardly at all (as in the Passive form), the PK may have considerable discretion to develop formal goals which reflect his own personal ones. In the absence of control by the External Coalition, is he more legitimate an influencer than any other member of the Internal Coalition?

Moreover, the political system often serves the overall needs of the organization, sometimes in spite of control systems which do not. Where the control systems are deficient, it is often the political system that fleshes them out, as when an employee ignores an objective that would lead him to suboptimize in an inappropriate way. The political system also acts in a Darwinian way to bring the strongest elements of the Internal Coalition to the fore — for example, those with inherent leadership or bargaining skills, greatly needed by the organization. In contrast, the control systems often protect

weak elements — for example, ineffective managers mistakenly put into positions of authority. The political system also smooths the way for the execution of important organizational change; in fact it is often the only stimulus for such change. Internal influencers who lack formal authority sometimes have to resort to political action to convince those with formal authority of the need for change. Finally, the political system may ensure that both sides of an issue are fully debated, whereas the control systems — with their emphasis on a single chain of authority — may promote only one.

The System of Ideology

In some sense, organizations are more than just the sum of their parts; they are living entities with characteristics or "personalities" of their own. I shall refer to these as *ideologies*, the fourth important system in the IC. The existence of these ideologies, above all, leads to the conclusion that organizations can have goals separate from those of their individual members. Ideological goals — for example, the spread of a religious or economic doctrine — become organizational goals. And the members come to accept these organizational goals as their own, and so come to "identify" the organization, to contribute their efforts to it for more than just remuneration.

Ideology arises from a sense of mission, which usually dates back to an early, charismatic leader. It establishes itself through traditions — precedents, habits, myths, what one researcher calls "sagas" (Clark, 1970, 1972). Thereafter it is reinforced through the identifications that new employees develop with the organization, perhaps because they have a natural affinity for the ideology when they join, perhaps because they are socialized or indoctrinated soon after they join (Schein, 1968), perhaps because they calculate that it is in their best interest to identify with the organization.

Five Basic ICs

This discussion can be concluded by describing five basic kinds of Internal Coalitions, or ICs. In the *Bureaucratic IC*, bureaucratic control is the dominant system. Power remains largely with the PK, whom the system is designed to serve. Some also goes to the analysts, who design this control system. But the political system is not dominant here, although some power games do arise as a result of structural rigidities. The decisions of the line managers are resisted by the operators who must execute them, and the line managers with the formal power of authority battle the staff specialists with the informal power of expertise.

In the *Autocratic IC*, the personal control system of the PK is dominant; as a result, the PK gains the lion's share of the power. In this case, he need not share it with analysts, since he runs the control system himself. The political system is minimally developed in this Internal Coalition: formal goals cannot easily be displaced nor can power games easily arise when one individual personally controls all organizational activity.

In the *Ideologic IC*, it is the system of ideology that dominates the Internal Coalition. All the internal influencers share the same ideology and make their decisions in accordance with it. The result is an almost complete absence of political activity. And typically, because the PK embodies the ideology, he tends to have considerable personal power. But only so long as he maintains the support of the other internal influencers. (Should he hold on to his power past this point, the ideological character of the organization will disappear, and it reverts to an Autocratic IC.) But he can share this power, since he can trust all the other internal influencers to pursue the same goals as he when they make decisions and take actions.

In the *Meritocratic IC*, power follows expertise, of which there is a good deal in the organization. Power in these Internal Coalitions is, therefore, widely diffused, a good deal of it resting with the operators at the bottom who do professional work. This is, in effect, the most democratic of the Internal Coalitions. But it is not purely democratic, because power is distributed not evenly on the basis of membership but unevenly on the basis of knowledge. In this IC, the PK holds the least amount of power, although he remains, as always, an important internal influencer (given he has some political

skill). So the authority structure of the meritocratic IC is not clearly defined. And in its absence, the political system takes a prominent place, as various experts exploit their critical functions to promote their own strategic candidates and build their own empires.

Finally, in the *Politicized IC*, the political system comes to dominate the Internal Coalition. Power rests not with office, with bureaucratic control, with ideology, or even with expertise, but with the energy and skills that any internal influencer can devote to the playing of power games.

ORGANIZATIONAL POWER CONFIGURATIONS

It remains now to give some life to the elements of our theory of organizational power. The mathematician would say that n elements which can each take on p forms give rise to p^n possible combinations. But reality is not like that. Elements, whether they be stars, ants, or characteristics of organizations, tend to cluster into natural groupings, or *configurations*. In this section, six configurations of organizational power are presented. While these are "pure" types (what Weber called "ideal" types), which stereotype reality, they do seem to capture a good deal of what the research tells us about real organizations.

Exhibit 2.7 Six "Pure" Power Configurations

Power configuration	EC	IC
Continuous chain	Dominated	Bureaucratic
Closed system	Passive	Bureaucratic
Commander	Passive	Autocratic
Missionary	Passive	Ideologic
Professional	Divided	Meritocratic
Conflictive	Divided	Politicized

The six configurations are listed in Exhibit 2.7 together with the External and Internal Coalition of each. This table suggests a set of hypotheses, linking these two basic Coalitions: a Dominated EC is always found with a Bureaucratic IC; a Divided EC is always found with a Meritocratic or Politicized IC and vice versa; and a Passive EC may be found with a Bureaucratic, Autocratic, or Ideologic IC. It is noteworthy that of all the IC's only the Bureaucratic type is found with more than one type of EC.

Below the influencers and power system of each of the six power configurations are described. Here too, a return is made to the question of organizational goals, describing the goal system that emerges from each of the six power configurations. I also speculate on the conditions that give rise to each power configuration, the kinds of organizations where it seems typically to be found, and the process by which its strategies develop.[3]

The Continuous Chain Power Configuration

This is a classic power arrangement in the organization, shown in Exhibit 2.8. One external influencer, typically an owner (or many who reach a consensus), dominates the External Coalition. Because his goals are clear and operational, the dominant influencer is able to use specific constraints or direct controls (perhaps acting through the Formal Coalition) to control the Internal Coalition, and so to render it his instrument.

Power in the Internal Coalition centralizes around the PK, because he serves as the trustee of the dominant influencer and as the prime channel of communication to him. The bureaucratic control system clearly emerges as the key system in the IC. It is the only one that ensures the dominant influencer that his goals will be

[3] Here, especially, space limitations preclude discussion of the many nuances associated with each of the configurations. Henry Mintzberg, *Power in and around Organizations* (forthcoming).

pursued vigorously. Of course, this is possible only if, as noted earlier, his goals are operational. Operational goals coupled with bureaucratic controls are the only way to assure domination of the Internal Coalition while remaining in the External Coalition (that is, the only way to control the organization without managing it). So a Dominated EC is found only with the Bureaucratic IC.

But the rigidities of a centralized, bureaucratic Internal Coalition inevitably give rise to some power games, as other internal influencers seek to gain advantage in the organization. These, however, do not seriously displace the formal goals of the organization — namely those of the dominant influencer — because the latter are so well-defined.

Finally, the chain of power is complete — continuous — when the Internal Coalition remits the surpluses that arise from its actions to the dominant influencer, in whatever form he favors.

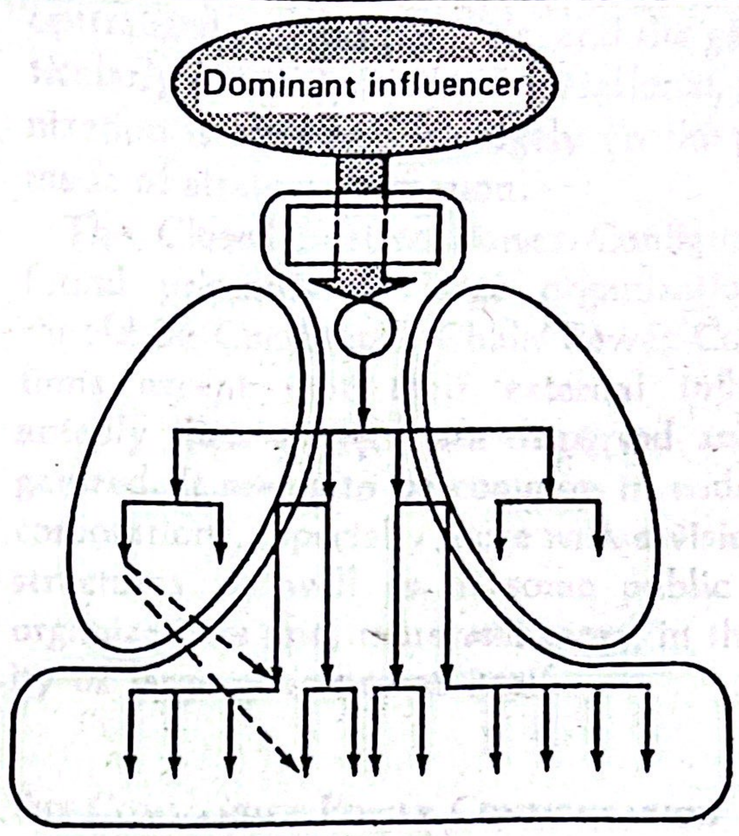
To reiterate, the goals of the Continuous Chain Power Configuration are clear and operational. In fact, this power configuration can maximize a single goal, should the dominant influencer so desire. By maximization is meant showing an obsession with a single goal such as profit, treating all others as constraints.

As for the process of strategy formation, because the organization has clear, operational goals imposed upon it, it is able to generate systematic, integrated strategies to achieve them. In other words, it tends to rely on top down, highly formalized procedures — the planning mode[4] — to develop its strategies.

The conditions that give rise to the Continuous Chain Power Configuration — namely focussed external control and clear, operational goals — are typically associated with stable environments, simple, mass output technical systems, and large, unskilled workforces. Many closely held business corporations and subsidiary organizations meet all these criteria. Typical of Continuous Chain Power Configurations dominated by a consensus of external influencers are fire departments, post offices, coercive

[4] See Mintzberg (1973) for a review of "Strategy-making in Three Modes" — the planning, adaptive, and entrepreneurial.

Exhibit 2.8 The Continuous Chain Power Configuration

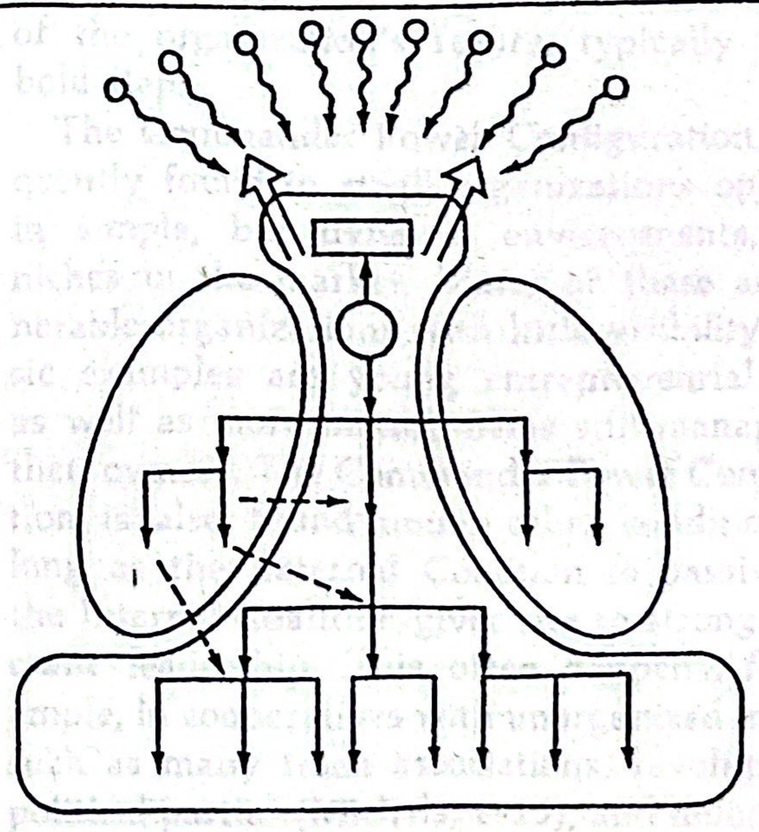


organizations such as custodial prisons, and co-operatives whose owners are organized, such as stock exchanges.

The Closed System Power Configuration

This power configuration, shown in Exhibit 2.9, exists under all the same conditions as the previous configuration, except one: its External Coalition is Passive, its external influencers

Exhibit 2.9 The Closed System Power Configuration



being dispersed and unorganized. With a Passive EC — the Formal Coalition being a façade or serving the organization — power passes into the Internal Coalition, in the first instance to the PK. The conditions of the organization — again a stable environment, mass production operations, and the like — encourage him to rely largely on the bureaucratic control system as his prime means of influence. So we have here a Passive EC coupled with a Bureaucratic IC.

The absence of focussed external control, however, makes this Internal Coalition less centralized and less bureaucratic than that of the Continuous Chain Power Configuration, and, therefore, somewhat more politicized. The empire building game is especially popular. The absence of externally imposed goals coupled with the emphasis on bureaucratic control causes power to flow to those influencers with authority, namely the PK and the middle line managers who operate the control system, as well as, to a lesser extent, the analysts who design it.

The internal influencers of the Closed System Power Configuration are motivated by utilitarian rather than ideologic values. They recognize, moreover, that their rewards are tied directly to the success of the organization. In effect, it is they — not any external influencer — who take the lion's share of the surpluses, in one form or another. And so they come to treat the organization as an end in itself, a system to be protected — and maintained closed to external influence — at all costs. The goals of the organization then become the "systems" goals — namely survival, efficiency, control of the environment, and, above all, growth. Without survival and an acceptable level of efficiency, there can be no surpluses to share. And control of the environment is designed to ensure the passivity of the External Coalition. Associates are controlled through vertical integration or the establishment of cartels, government is pacified through lobbying practices, and so on. But it is growth that emerges as the key goal — the one to be maximized. It is only by growing as large as possible that the utilitarian rewards to managers — larger salaries, more important jobs, greater power in society — can be maximized.

Again because the Internal Coalition is rather centralized and bureaucratic, and the goals (particularly growth) clear and operational, the organization is able to rely largely on the planning mode of strategy formation.

The Closed System Power Configuration is found primarily in large organizations that should be Continuous Chain Power Configurations except that their external influencers, notably their owners, are dispersed and unorganized. It seems to be common in widely-held corporations, especially those with divisionalized structures, as well as in some public service organizations and, more and more, in the totality of large government itself.

The Commander Power Configuration

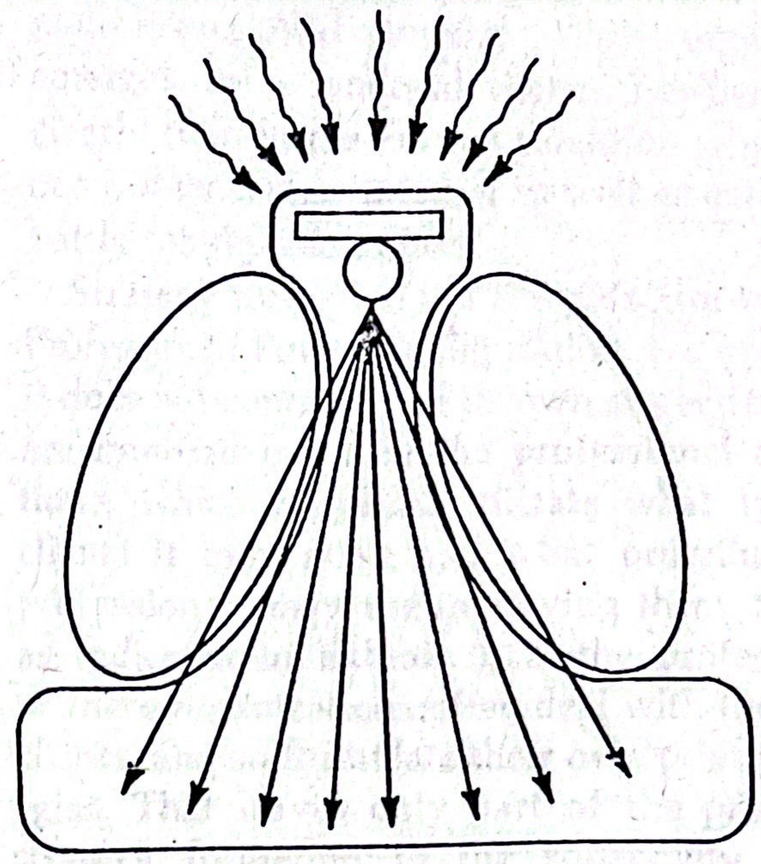
Here again, as indicated in Exhibit 2.10, the External Coalition is passive. But the conditions of the organization give rise to an organic internal structure, with the PK as the central force in the Internal Coalition, which he dominates through his personal control system. In this case, therefore, a Passive EC is coupled with an Autocratic IC.

The organization is the PK's instrument. It therefore pursues whatever goals he favors, no matter how personal, anything from the maximization of profit or growth to the freeing up of his time to play more golf. Likewise strategy formation assumes the classic entrepreneurial style, in which the PK moves toward his vision of the organization's future, typically in big, bold steps.

The Commander Power Configuration is frequently found in small organizations operating in simple, but dynamic environments, often niches in the market. Many of these are vulnerable organizations with little visibility. Classic examples are young entrepreneurial firms, as well as more mature firms still managed by their owners. The Commander Power Configuration is also found under other conditions, so long as the External Coalition is passive and the Internal Coalition gives rise to strong, autocratic leadership. This often happens, for example, in cooperatives with unorganized owners, such as many trade associations, revolutionary political parties (Michels, 1915), and unions that concentrate on economic instead of ideologic

issues. It also tends to happen in young organizations, before the external influencers have been able to organize and while the internal ones still have need of strong leadership to get the organization on its feet. (And when that leadership is especially strong, the organization may stay in the Commander state until the founding PK finally departs.) Likewise, organizations facing severe crises tend to use this power configuration, the external influencers remaining temporarily passive and the internal ones turning to their leaders for direction (Hamblin, 1958). Finally, totalitarian states also represent a variant of the Commander Power Configuration, the population (the External Coalition) remaining passive, the government (the Internal Coalition) being dominated by its leader.

Exhibit 2.10 The Commander Power Configuration



The Missionary Power Configuration

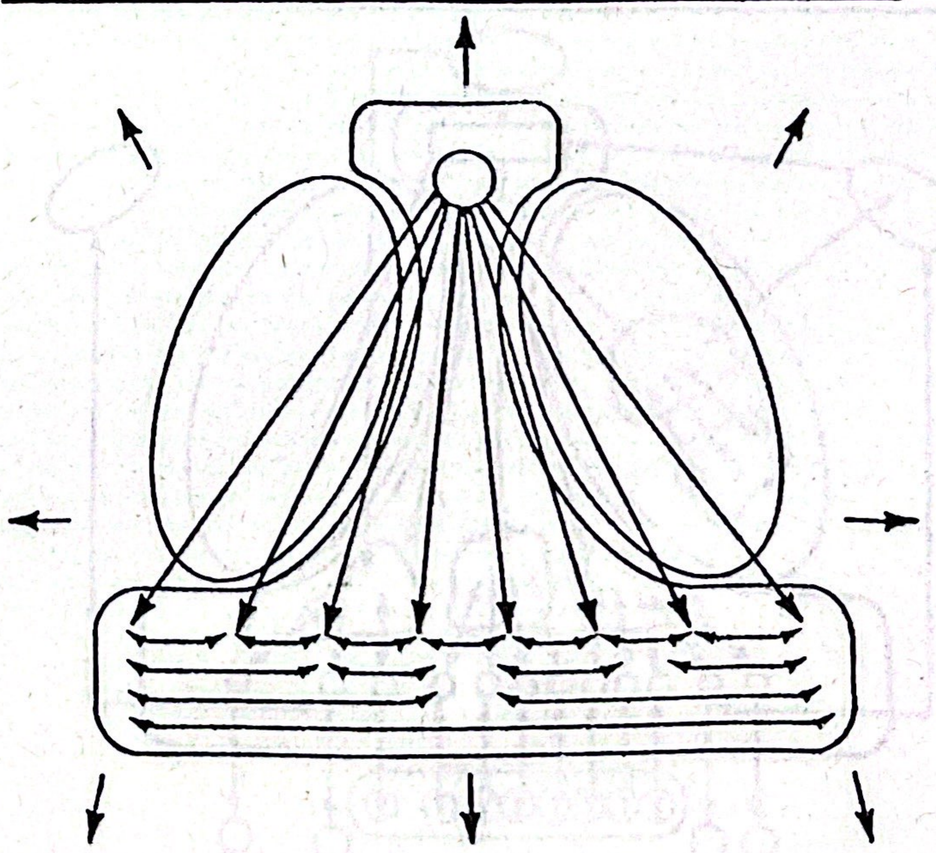
This organization is dominated by its ideology, centered around its mission — converting the heathens, getting everyone to eat health food, or whatever. A charismatic leader, present or past, best embodies the ideology, and so can control the organization's decisions and actions. But that control may be indirect: because the members identify with the ideology, all can be trusted to make decisions and take actions as he would do.

There is almost no political activity in this Internal Coalition, since all members agree on the same basic goal. That one is always tied to the mission (the product/market) of the organization, for example, the spread of the mission or the maximization of product quality. Acting as a unit, however, the Internal Coalition is very aggressive vis-à-vis its environment, pacifying any would-be external influencers. This is indicated in Exhibit 2.11. In effect, the Ideologic IC induces a Passive EC.

The basic strategy of the Missionary Power Configuration tends to be set in the first instance in entrepreneurial fashion by the founding leader. He conceives a bold vision of where the organization should try to go, and thereafter takes aggressive steps to get it there. That strategy tends to rigidify after his departure, so that subsequent efforts tend to be directed at interpreting the "word" — the strategic vision of that leader — and strategic changes thereafter tend to be incremental.

The Missionary Power Configuration tends to be found where the organization's mission is simple and focussed, unique and attractive, at least to the members. It is usually smaller and younger organizations that use this configuration, although exceptions to both conditions can easily be found. Volunteer organizations with

Exhibit 2.11 The Missionary Power Configuration



weak utilitarian norms, such as religious orders and certain charitable foundations, often use it, but not those where the volunteers join primarily to satisfy social or power needs (Sills, 1957). Nevertheless, any organization that should use another power configuration but has a strong ideology by virtue of a distinguished history or charismatic leadership tends to emerge, in part at least, as a Missionary Power Configuration.

The Professional Power Configuration

Where the operating core of an organization is staffed with professionals — who inevitably demand a good deal of control over the decisions that affect their work — the Internal Coalition takes on the form of a meritocracy. The analysts cannot regulate the professional operators' work, nor can the managers of the middle line, who are often elected by the professionals in any event. And the PK emerges as the weakest in all the power configurations, although given some political skill, he is never impotent.

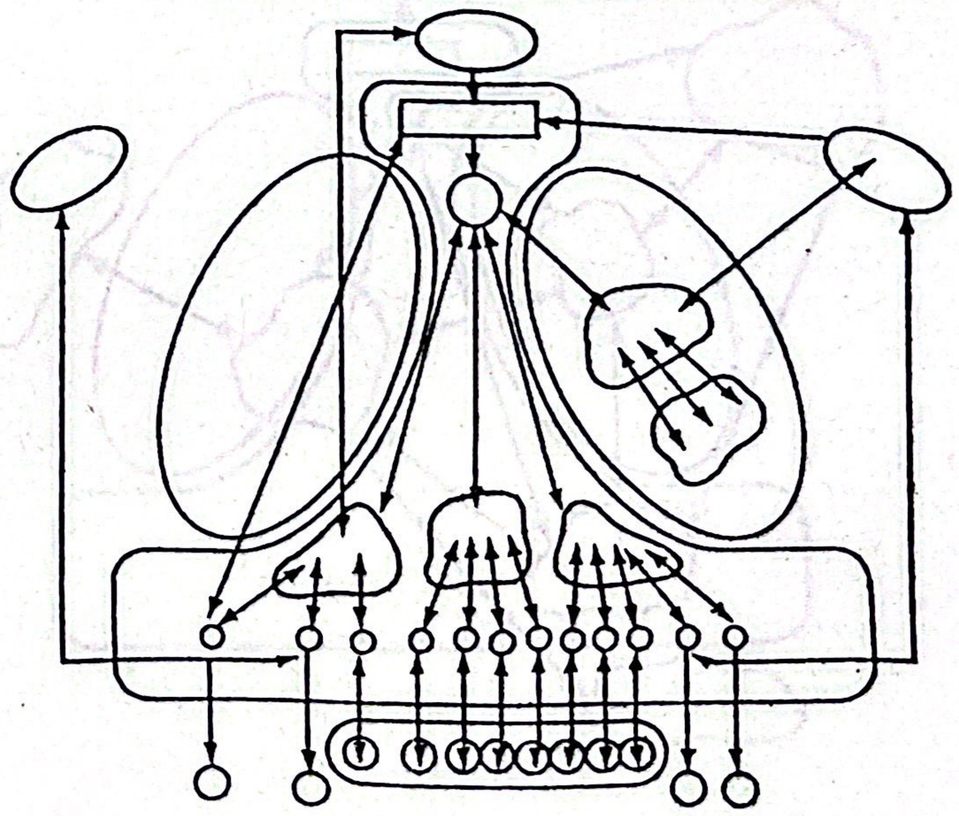
The weak control systems — personal as well as bureaucratic — mean weak formal goals. These tend to be expressed in vague missionary terms, such as to "improve health" or "advance knowledge." Such goals cannot be operationalized, and so they are easily displaced by the goals pursued by the professionals. These are often related to the perfection of the practice of their profession (a missionary goal) or the maximization of their remuneration. But this does not mean maximization by the organization, because different professionals pursue different goals. So the Professional Power Configuration tends to pursue a variety of goals sequentially (and inconsistently) over time, much as Cyert and March (1963) described the goal formation process.

All of this gives rise to a strong political system in the Internal Coalition. Empire building is an especially popular power game. Coupled with a Meritocratic IC is a Divided EC, in good part a reaction to the politicization of the Internal Coalition. The internal influencers draw their external counterparts into the various power games to enlist their support. Moreover, because professional work is often sensitive and socially important, many external influencers take a keen interest in the decisions and actions of the organization. And so the whole organization emerges as a political arena, nowhere more clearly than in the Formal Coalition where various influencers — internal as well as external — battle for representation.

Strategy formation is a complex process in the Professional Power Configuration. For one thing, it does not control all of its own strategies. Some are imposed on it by the professional associations, which frequently dictate what types of clients it may serve and what procedures the professionals may use in serving them. Second, as indicated in Exhibit 2.12, the professionals of these organizations often deal with their own clients, and so formulate their own private strategies. That leaves only part of the process of strategy formation to the collectivity of the organization. And given the widespread distribution of power in both the Internal and External Coalitions, that process emerges as a complex one indeed, involving a good deal of bargaining and negotiation. In effect, the Professional Power Configuration uses neither a planning nor an entrepreneurial mode, but rather an adaptive one, in which strategies evolve in small, incremental, disjointed steps, not as clear plans or individual visions spelled out in advance of action taking.

The Professional Power Configuration is

Exhibit 2.12 The Professional Power Configuration



found in organizations where the operating work is complex, requiring the employment of many professionals — hospitals, universities, accounting firms, law offices, social work agencies, research laboratories, and the like. Also, organizations with high degrees of automation tend toward it because they must rely on staff professionals to design, purchase, and maintain their complex technical systems.

The Conflictive Power Configuration

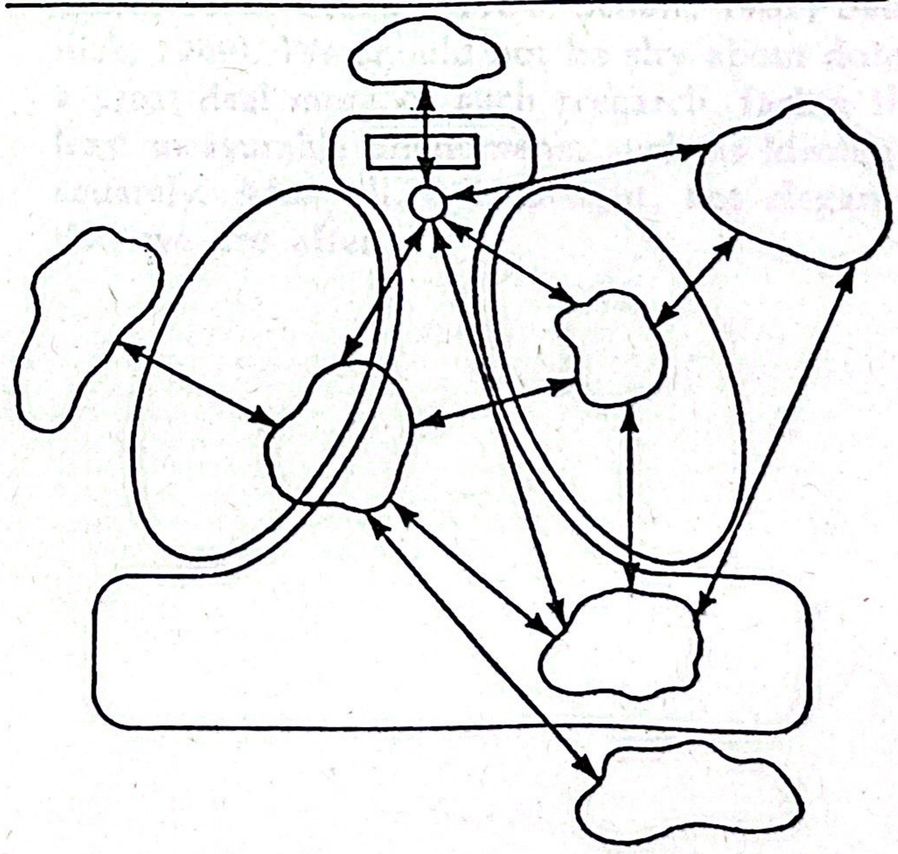
This organization, shown in Exhibit 2.13, has the highest degree of politicization in both the Internal and External Coalitions. In effect, politicization in one induces or reinforces politicization in the other. Conflicting external demands on the organization create friction in the Internal Coalition. The PK is unable to generate formal goals to satisfy all the external influencers; indeed, making any goals explicit evokes all kinds of conflict. He is better off to keep the formal goals as vague as possible. Moreover, the internal influencers are subjected to all kinds of direct pressures from the external ones. They impose a host of specific constraints, many of them contradictory. Pressure campaigns are frequent and intense. People are often planted in the internal coalition by external influencers. And the external influencers make direct representations to the internal influencers, ones that bypass the PK and the systems of control. Likewise the Internal Coalition divides and politicizes the External Coalition, as in the case of the Professional Power Configuration, when internal influencers enlist the support of external influencers in their power games. So one may conclude that the Politicized IC is inevitably found with the Divided EC.

The Conflictive Power Configuration can pursue no special goals. It is a pure political arena. At best it satisfies a whole set of constraints, attending to these sequentially over time; at worst it spins its wheels endlessly in futile debate. Likewise, at best strategies form over time from the incremental decisions made in an adaptive process; they are never formulated explicitly, for that would involve the kind of cooperation not found in the Conflictive Power Configuration.

The Conflictive Power Configuration tends to appear most commonly in aberrations of the five other power configurations, for example, when a Missionary Power Configuration comes under severe external attack, or a Professional Power Configuration is subjected to excessively tight control from a would-be dominant external influencer. Other common examples are the controversial public agency, often a regulatory one; the corporation politicized by severe external attack; the organization that is excessively regulated by its owner or by government (Frank, 1958–59); the organization with two top managers who share the PK role but are at odds as to strategy; and the one where two major missions conflict, as in the prison that cannot decide on a custodial or rehabilitation orientation (McCleery, 1957).

To summarize, an organization is driven to the Continuous Chain Power Configuration with the introduction of well-defined, focused power in its External Coalition; to the Closed System Power Configuration when a Bureaucratic IC becomes detached from the External Coalition; to the Commander Power Configuration to the extent that any factor puts arbitrary power in the hands of the PK; to the Missionary Power Configuration to the extent that it embraces an ideology; to the Professional Power Configura-

Exhibit 2.13 The Conflictive Power Configuration



tion to the extent that it must rely on expertise; and to the Conflictive Power Configuration whenever aberrations appear in any of the other power configurations.

Transitions among Power Configurations

To illustrate the use of this framework of power configurations, consider the transitions in the power system of the business firm since its earliest times. The business firm typically began its life as a Commander Power Configuration, the instrument of its founding entrepreneur. Later it shifted to the Continuous Chain Power Configuration, as its ownership was separated from its management. But so long as that ownership remained concentrated, the firm remained the owner's instrument. Later, as its ownership became more dispersed and the systems goals came to the fore the firm shifted to the Closed System Power Configuration (Berle and Means, 1968). It now seems to be moving toward a Conflictive Power Configuration, a political arena, as many external influencers seek to jump in to the power vacuum left in the External Coalition by the scattered owners (Blumberg, 1971).

CONCLUSION: THE NEED TO RESEARCH POWER

It is hoped that this paper makes clear the need to understand power in and around the organization in order to appreciate how it pursues goals and develops strategies. The study of power also appears to be important for understanding some major issues facing society, not the least of which is how to control its institutions.

A number of researchable questions are raised as propositions discussed in this paper, for example, how strategy is formed in each of the power configurations. Moreover, the whole framework requires empirical validation. Do organizations in fact adopt power configurations like those described? In other words, will measures of the power of external and internal influencers and the means of influence they use in fact cluster in the ways described? It matters not that this particular typology proves valid; what matters is that we generate a typology that can help us to understand how power is used in and around organizations.

Power is a fuzzy topic. The demand for precision will only impede the researching of it. It seems far more important to research important topics with soft methodologies than marginal topics with elegant methodologies, where these are in fact our options. In the case of power in particular — one is tempted to say Management Policy in general — those do appear to be our options much of the time. A few researchers have managed to study power meaningfully and yet with precision (e.g., Hickson et al., 1971). But most of the real insight has come from studies that used soft methodologies, specifically intensive probes into single organizations (e.g., Clark, 1972; Crozier, 1964; Scheff, 1961; Selznick, 1949). We should not be shy about doing a great deal more of such research, facing the least measurable phenomena, such as ideology, squarely. After all, it is insight, not elegance, that we are after.