

ESM0901 Barnard, Chester I. (1886–1961)

Abstract

Chester I. Barnard developed his organization theory based on his extensive management and executive experience, which he considered a new experimental condition enabling a science of cooperation. For Barnard, organization is so complex – entailing interplay of numerous dynamic internal and external, and subjective and objective, phenomena and forces – that it cannot be known in a scientific or even an ordinary sense. The only sign of organizational success is survival.

Barnard is unique for his stature both in organization theory – his work was a key source for HERBERT SIMON (O'Connor, 2012: 153–157) – and in executive practice – he served as chief executive of New Jersey Bell Telephone from 1927 to 1948, director of the United Service Organizations during the Second World War, and president of the Rockefeller Foundation from 1948 to 1952. He formulated a new 'organic applied social science' to explain his experience of organization (O'Connor, 2012: 157–170).

For Barnard, organizational survival is the exception and failure the norm. Successful organization is enduring organization. Drawing on his extensive organizational experience, he posits and probes a life-sustaining interplay between objective and subjective phenomena and impersonal and personal forces. In particular, he rejects the fallacy that considers intangible phenomena characterized by relationships, such as organization, as things; but he also links the attribution of concreteness to survival.

Barnard defines formal organization as 'a system of consciously coordinated activities or forces of two or more persons' (Barnard, 1968: 81). Executive organizations, organs and functions must exert force such that the organization *sustains itself* (the fallacy is repeated for practicality). Executive functions do not refer only to official positions. They are exercised 'by all those who are in positions of control of whatever degree'. After his Second World War experience in voluntary organizations, Barnard concluded that responsibility is widely distributed (O'Connor, 2012: 140–147).

Context

Barnard pursued theory that enabled 'a more effective conscious promotion and manipulation of cooperation among men' (1968: 74). He wrote his classic text, *The Functions of the Executive*, to remedy errors

stemming from classical economics, which he thought accelerated organizational failure. Yet Barnard also said that his book failed 'to convey the sense of organization ... which derives chiefly from the intimate interested habitual experience' (p. xxxiv). However, the book directly followed from his experience of 'sensing' organization: at the time of writing, he had been CEO of New Jersey Bell Telephone for ten years. He had also led emergency relief programmes for the state of New Jersey and held leadership positions in many civic and philanthropic organizations (Wolf, 1974).

Barnard embeds organization in 'the cooperative system', which facilitates 'purposeful change of the natural environment', education, and 'invention of effective methods of human relationships' (1968: 54–55). Informal organization, whereby individuals influence each other in ordinary life, sets conditions for 'accepting a common purpose, of communicating, and of attaining a state of mind under which there is willingness to cooperate' (p. 116). Coordination first requires 'the disposition to make a personal act a contribution to an impersonal system of acts'.

The cooperative system contains material, social, individual, and organizational economies (1968: 240–242). These enable assignment of utility values to physical materials, social assets, individual contributions, and the organization, respectively. All but the latter can be specified: Organization crosses all domains because it is 'the pool of values as assessed by the organization as a social system' (p. 242). Survival is the only measure of this quadruple economy.

Effectiveness follows from the relevance of the organizational purpose to the environment (another term that obscures phenomena characterized by relationship) and efficiency, which relates to the satisfaction of individual motives (1968: 56), especially 'the intensity of attachment to the "cause"' (1968: 84). Executive organization, organs and functions must secure contributions from individuals throughout changing objective and subjective conditions. In particular, the individual economy, in which individuals decide what, if anything, to contribute to organization, must run a surplus: 'If each man gets back only what he puts in, there is no incentive ... no net satisfaction for him in cooperation' (p. 58). Barnard emphasized non-economic incentives in this regard (1968: 145–149).

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Organization is so complex that it cannot be seen, only sensed; and proper sensing depends on a relationship to organization that is “interested, intimate, habitual” (1968: xxxiv). Fatal decision errors result because of ‘the imbalance due to the difference in the precision of perception’ as respects the various environments and economies (p. 286).

A key executive function is formulating, communicating and instilling purpose, a ‘coordinating and unifying principle’ (Barnard, 1968: 95) that ‘incites cooperation’ (p. 86). To be effective, purpose must be accepted: ‘[T]here is initially something like simultaneity in the acceptance of a purpose and willingness to cooperate’ (p. 86). Thereafter, formulation and definition of purpose are widely distributed because purpose obtains in the ‘aggregate of action taken’, especially by those ‘who make the last contributions, who apply personal energies to the final concrete objectives’ (p. 232). However, contributors must believe in a common purpose: ‘An objective purpose that can serve as the basis for a cooperative system is one that is *believed* by the contributors (or potential contributors) to it to be the determined purpose of the organization.’ The quintessential executive function, then, is to inculcate ‘belief in the real existence of a common purpose’ (p. 87) – the basis for belief in the reality of organization.

The official executive who accepts and reliably executes subjective (personal belief-based) responsibility actualizes an ‘ethical ideal’: the ‘willingness to subordinate immediate personal interest for both ultimate personal interest and the general good’ (Barnard, 1968: 293). This backs contributors’ faith in organization (p. 296) and in their leadership *as this leadership substantiates and is substantiated by*

organization. The ultimate basis of leadership is that of ‘personal conviction – not conviction that [leaders] are obligated as officials ... but conviction that what they do for the good of organization they *personally* believe to be right’ (p. 281). However, this basis is also backed by contributors’ belief in leadership’s sincerity (pp. 281–283): ‘the [leadership’s] identity between personal and organizational codes of conduct carries “conviction” ... to that informal organization underlying all formal organization that senses nothing more quickly than insincerity. Without it, all organization is dying ... it is the indispensable element in creating that desire for adherence ... [from] those whose efforts willingly contributed constitute organization’ (pp. 281–282). Thus Barnard’s credo, a profession of faith in organization (p. 296), captures the animating condition underlying his experience and his theory.

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See also

BIOLOGICAL ANALOGIES; DYNAMIC MANAGERIAL CAPABILITIES; DYNAMIC PROCESSES; EQUILIBRIUM AND PROCESS EXPLANATIONS; SIMON, HERBERT

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ESM0893 Follett, Mary Parker (1868–1933)

For Mary Parker Follett (1868–1933), the key strategic challenge is to create new value(s) continuously by integrating more subunits to form the larger whole of 'the' organization, while increasing value(s) for each subunit (from the viewpoint of that unit) relative to the larger whole thus formed. The same principle applies to the organization relating interdependently with external entities.

Follett understands management as the ability to synthesize interdependent parts such that separately and together, they create new value(s) (O'Connor, 2012). 'Value' does not refer merely to profit, although it may include profit. It encompasses that which any subunit deems desirable. It also refers to the very capacity to create value(s). The theory drives towards optimization: Value increases for the parts and for the whole as the creative synergy between independent *and* interdependent elements is maximized. The process has no bounds: more elements may always be related more creatively. The theory also probes how to scale up and out without compromising the integrity of the subunits. Finally, it calls for constant alertness and adjustment: new circumstances entail new relations and vice versa.

Follett called this theory by various names: creative, dynamic, integrative, and reciprocal relating.

The theory places interpretive and personal burdens on the strategist. The whole does not exist objectively and cannot be observed. The part-whole relation must be familiar to the actor, who uses his or her own 'creative experience' (Follett, 1924) to know the direct and indirect, immediate and remote, relations. In fact, the process begins with the individual consciously relating creatively to his or her circumstances. The logic is that of self-governance and the pursuit of autonomy in the condition of interdependence: 'The more power I have over myself the more capable I am of joining fruitfully with you and with you developing power in the new unit thus formed – our two selves' (and ultimately, organization) (Follett, 1924: 189–190).

The theory follows biological and evolutionary principles. 'The biological law is growth by continuous integration of simple, specific responses; in the same way do we build up our characters by uniting diverse tendencies into new action patterns; social progress follows exactly the same law' (Follett, 1924: 174). 'The fundamental law of the universe is

the increase of life, the development of human powers, and either you keep yourself in obedience to that law or for you the universe breaks around you and is shattered' (Metcalf and Urwick, 1940: 182).

Derivation of the theory: Follett's life and works

Follett was of the first generation of women to receive a world-class education, at Harvard and Cambridge. She earned a reputation for brilliance among leading scholars. Although there was no established path for women to proceed from a college education of any kind (much less elite education) to professional life, other than to secondary-school teaching, the expectations for these women, including their self-expectations, were very high.

US women college graduates formed a social movement, the college women's settlement house movement, which they considered a form of applied social science. Follett intervened in this movement but noted its tendency to encourage dependent, not autonomous or interdependent, relations. Thus, organizing a neighbourhood 'social centre', she changed a structure attributed to Jane Addams, which offered classes and activities, to one that emphasized self-governing clubs with deliverables (concerts, tournaments, etc.) offering revenues to the clubs. Follett was particularly concerned with how adolescents (especially high-school dropouts), unskilled immigrants, the unemployed and other outsiders would integrate into Boston society, which had traditionally been led by close-knit elites known as the Brahmins. Rejecting passive methods, such as the reading of patriots' texts and visiting of battlefield sites, she instead set up debate clubs and mock city councils. Follett's clubs became a school for citizenship and leadership. In a nutshell, Follett held that to integrate into society entailed direct action – do not wait for others to integrate you, integrate yourself. This was also her answer to her own dilemma (Tonn, 2003).

Follett steadily increased the scope and depth of the integrations that she accomplished. She established other centres in various Boston neighbourhoods. When she noticed that students who left school had no similarly creative daytime life (the centres were evening- and weekend-focused), she set up the Boston Placement Bureau, which liaised between employers and the centres. In essence, it pre-qualified adolescents and employers as mutually

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desirable. For the former, it offered counselling and training services. For the latter, since industry was largely unregulated, the programme set up targets in areas such as safety and health.

Follett formulated the idea of a basic and applied science/art of integration. She saw this knowledge as the basis for individual, collective and societal life in a democracy, which she understood as a social experiment pushing tensions between autonomy and interdependency. She developed this idea extensively in her 1918 book, *The New State*, which she based on her experience with the social centres. In her next book, *Creative Experience* (1924), she argued that the sciences and the philosophical thought schools did not appreciate integrative phenomena and processes. From the mid-1920s until her death in 1933, Follett focused on industry (Metcalf and Urwick, 1940; Fox and Urwick, 1973; Urwick, [1949] 1987) because she found that the business community provided the most fertile environment for practising and studying integration. In particular, she related her theory of integration to classic problems such as the trade-off between centralization and decentralization and the effect of hierarchy and delegation on personal responsibility.

ELLEN S. O'CONNOR

See also

BIOLOGICAL ANALOGIES; DYNAMIC CAPABILITIES; DYNAMIC MANAGERIAL CAPABILITIES; DYNAMIC PROCESSES; EMERGENT STRATEGIES

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Non-Print Items

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