

Organizations, like governments, employ some system of “rule” as a means of creating and maintaining order among their members. Political analysis can thus make a valuable contribution to organizational analysis. The following are among the most common varieties of political rule found in organizations:

**Autocracy:** absolute government where power is held by an individual or small group and supported by control of critical resources, property or ownership rights, tradition, charisma, and other claims to personal privilege

**Bureaucracy:** rule exercised through use of the written word, which provides the basis for a rational-legal type of authority, or “rule of law”

**Technocracy:** rule exercised through use of knowledge, expert power, and the ability to solve relevant problems

**Codetermination:** the form of rule where opposing parties combine in the joint management of mutual interests, as in coalition government or corporatism, each party drawing on a specific power base

**Representative democracy:** rule exercised through the election of officers mandated to act on behalf of the electorate and who hold office for a specified time period or so long as they command the support of the electorate, as in parliamentary government and forms of worker control and shareholder control in industry

**Direct democracy:** the system where everyone has an equal right to rule and is involved in all decision making, as in many communal organizations such as cooperatives and kibbutzim. It encourages self-organization as a key mode of organizing

It is rare to find organizations that use just one of these different kinds of rule. More often, mixed types are found in practice. For example, although some organizations are more autocratic, more bureaucratic, or more democratic than others, they often contain elements of other systems as well. One of the tasks of political analysis is to discover which principles are in evidence, where, when, why, and how.

#### Exhibit 6.1 Organizations and Modes of Political Rule

Finally, in democratic organizations, the power to rule rests with the *demos*, or populace. This power may be exercised through representative forms of management, where different stakeholders are formally represented in decision-making processes, as in systems of codetermination or

coalition government and in forms of worker or shareholder control. Democratic power may also be exercised directly through participative forms of rule where everyone shares in the management process.

Many people hold the belief that there is a separation between business and politics and that they should be kept apart. Hence, when someone proposes the idea that workers should sit on boards of directors or that there is a case for employee control of industry, that person is often viewed as taking an unwarranted political stand. However, the foregoing discussion shows that this interpretation is not quite correct. The person advocating the case of employee rights or industrial democracy is not introducing a political issue so much as arguing for a different approach to a situation that is already political. Organizations that are autocratic, bureaucratic, or technocratic have as much political significance as those dominated by systems of worker control. Their political nature is simply of a different kind, drawing on different principles of legitimacy.

The system of industrial codetermination that developed in West Germany and other European countries after World War II explicitly recognizes the rival claims to legitimate rule that can be advanced by owners of capital, on the one hand, and by employees, on the other. Under this system, owners and employees codetermine the future of their organizations by sharing power and decision making. The system varies widely in application. For example, in Germany, codetermination varies from industry to industry. In the coal and steel industries, legislation dating from the 1950s provides for the appointment of supervisory boards comprising eleven members, five to be elected by shareholders and five by employees, the remaining member being appointed by the other ten. The supervisory board is then responsible for appointing a managing board of three members to run the day-to-day affairs of the organization. One member of this board must be a business specialist, another a production specialist, and the other a trade unionist. Elections to these boards are held every three years. The boards are designed to give capital and labor equal rights, although many would argue that this does not always work out in practice. A modification of the codetermination principle in other European and North American countries is found in the appointment of worker directors, as in Denmark, Norway, and Sweden, where a certain number of seats on corporate boards are usually allocated to union representatives. Another application of the principle is found in the forms of corporatism where management, unions, and government join together to consult and collaborate with each other on issues of mutual interest.

Although such developments recognize the rights of labor to participate in the management of an enterprise, they have not always been readily embraced by those in the labor movement. The reason for this is found

in another political principle: that in healthy systems of government those in power should be held in check by some form of opposition. Many people concerned with the rights of labor fear that direct involvement in the management process creates a situation that co-opts or incorporates, and hence reduces, the power of dissent. By being a part of a decision-making process one loses one's right to oppose the decisions that are made. Many advocates of labor rights have thus suggested that employee interests can best be protected through associations such as labor unions or professional bodies that adopt an oppositional role in order to shape policy without owning it.

This problem of "incorporation" often accompanies changes in organization favoring increased employee participation in decision making. The fear of many opponents of such changes is that employees will be allowed to exercise their democratic rights in decisions of minor importance while being excluded from major ones. "We're allowed to choose the color of the wallpaper but little else" is a familiar complaint. As these critics see it, partial movements toward industrial democracy are often motivated by a managerial intent to divert or diffuse potential opposition by sharing the less important aspects of control. For these reasons, advocates of industrial democracy suggest that participation is not enough and that organizations should move toward styles of management based on fully developed forms of workers' control.

These have been widely employed in Eastern European countries such as the former Yugoslavia, where workers elected their managers and where the principle of self-management provided a key organizational value. This kind of system differs from schemes of codetermination that recognize that owners of capital and labor have equal rights by dissolving the distinction between capital and labor. In countries where industry is state owned, this form of self-management is fairly easily achieved, but elsewhere it has run into difficulties from those who wish to protect the rights of owners.

The most obvious large-scale experiments in workers' control in capitalist countries have occurred in ailing firms and industries where changes in fortune have increased the probability of unemployment and plant closures and prompted the desire of owners to sell their interest in the organization. The employee response has occasionally been to buy and run the company, often with mixed success, partly because the organizations are in declining industries and partly because of the problems of co-option that arise when workers become or appoint managers of an organization operating in a capitalist system. Like other managers in nondemocratic organizations, they find that survival in the system calls for certain kinds of action that are not always popular with their fellow

owner-employees. The system has a logic of its own, and being an owner does not necessarily imply freedom of action.

Whether we are discussing the management of the Ford Motor Company under a member of the Ford dynasty or the management of a worker-controlled cooperative, it is clear that organizational choice always implies political choice. Although the language of organization theory often presents ideas relating to the management and motivation of people at work in relatively neutral terms—for example, as issues of leadership style, autonomy, participation, and employer-employee relations—they are by no means as neutral as they seem. In understanding organizations as political systems we have a means of exploring the political significance of these issues and the general relation between politics and organization.

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### **Organizations as Systems of Political Activity**

An analysis of organization from the perspective of comparative government can place our understanding of organizations in a refreshing perspective. However, in order to understand the day-to-day political dynamics of organization, it is also necessary to explore the detailed processes through which people engage in politics. For this purpose, it is useful to return to Aristotle's idea that politics stems from a diversity of interests, and trace how this diversity gives rise to the "wheeling and dealing," negotiation, and other processes of coalition building and mutual influence that shape so much of organizational life.

An organization's politics is most clearly manifest in the conflicts and power plays that sometimes occupy center stage, and in the countless interpersonal intrigues that provide diversions in the flow of organizational activity. More fundamentally, however, politics occurs on an ongoing basis, often in a way that is invisible to all but those directly involved.

We can analyze organizational politics in a systematic way by focusing on relations between *interests*, *conflict*, and *power*. Organizational politics arise when people think differently and want to act differently. This diversity creates a tension that must be resolved through political means. As we have already seen, there are many ways in which this can be done: autocratically ("We'll do it this way"); bureaucratically ("We're supposed to do it this way"); technocratically ("It's best to do it this way"); or democratically ("How shall we do it?"). In each case the choice between alternative paths of action usually hinges on the power relations between the actors involved. By focusing on how divergent interests give rise to

conflicts, visible and invisible, that are resolved or perpetuated by various kinds of power play, we can make the analysis of organizational politics as rigorous as the analysis of any other aspect of organizational life.

### ANALYZING INTERESTS

In talking about “interests” we are talking about predispositions embracing goals, values, desires, expectations, and other orientations and inclinations that lead a person to act in one way rather than another. In everyday life we tend to think of interests in a spatial way: as areas of concern that we wish to preserve or enlarge or as positions that we wish to protect or achieve. We live “in” our interests, often see others as “encroaching” on them, and readily engage in defenses or attacks designed to sustain or improve our position. The flow of politics is intimately connected with this way of positioning ourselves.

There are many ways in which we can define and analyze this pursuit and defense of interests. One way that has particular relevance for understanding organizational politics is to conceive interests in terms of three interconnected domains relating to one’s organizational task, career, and personal life (Exhibit 6.2). *Task interests* are connected with the work one has to perform. The manager of a production plant has to ensure that products are produced in a timely and efficient manner. A salesperson must sell his or her quota of goods and sustain customer relations. An accountant must maintain appropriate records and produce regular accounts. However, work life always involves more than just doing one’s job. Employees bring to the workplace aspirations and visions as to what their future may hold, providing the basis for *career interests* that may be independent of the job being performed. They also bring their personalities, private attitudes, values, preferences, and beliefs and sets of commitments from outside work, allowing these *extramural interests* to shape the way they act in relation to both job and career.

The relations among the three sets of interests are best understood if we examine a specific situation. Consider, for example, the position of a corporate executive working in a large organization. He may be highly committed to his job, ambitious, and also highly involved with family life. In his work experience, he may desire to manage all three: to do a good job, move ahead in the organization, and strike a reasonable balance between work and leisure so that he can spend weekends and most evenings with his family. In some situations, all three may coincide; in others, two spheres of interest may be compatible; whereas in others, the different interests may have no relation with each other. Life runs very smoothly for the executive in the first case (e.g., he gets a great idea that