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Social structure and organizations

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SOCIAL STRUCTURE AND ORGANIZATIONS

Arthur L. Stinchcombe

ABSTRACT

The general topic of this chapter is the relation of the society outside organizations to the internal life of organizations. Part of the specific topics have to do with the effect of society on organizations, and part of them concern the effects of organizational variables on the surrounding social environment. I intend to interpret the term "social structure" in the title in a very general sense, to include groups, institutions, laws, population characteristics, and sets of social relations that form the environment of the organization. That is, I interpret "social structure" to mean any variables which are stable characteristics of the society outside the organization. By an "organization" I mean a set of stable social relations deliberately created, with the explicit intention of continuously accomplishing some specific goals or purposes. These goals or purposes are generally functions performed for some larger structure. For example, armies have the goal of winning possible military engagements. The fulfillment of this goal is a function performed for the larger political structure, which has functional requirements of defense and conquest. I exclude from organizations many types of groups which have multiple purposes (or which perform multiple functions for larger systems, whether these are anyone's purposes or not), such as

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families, geographical communities, ethnic groups, or total societies. I also exclude social arrangements built up on the spur of the moment to achieve some specific short-run purpose. For instance, I will not consider a campaign committee for some political candidate as an "organization," although a political party would definitely meet the criterion of continuous functioning and relatively specific purposes.

The first topic is the effect of social structure on the rate of foundation of new organizations, particularly organizations of a new kind or structure.¹ That is, it seems that in some societies the *rate* at which special-purpose organizations take over various social functions (economic production, policing, education, political action, military action, etc.) is higher than in other societies, and that within societies some population groups are more likely to found new types of organizations to replace or supplement multiple-purpose groups such as families or geographical communities for certain purposes. I will try to answer at a very general level the question: How do social conditions affect the likelihood that an attempted foundation of an organization will succeed, will in fact result in a continuously functioning social structure devoted to some particular purpose?

The second topic is an attempt to explain on social structural grounds the correlation between the time in history that a particular type of organization was invented and the social structure of organizations of that type which exist at the present time. For example, textiles have been manufactured in the United States much longer than have automobiles. It turns out that textiles (and other industries developed about the same time) have quite a different social structure in their "average firm" than do automobile plants (and other industries founded during the twentieth century). These differences are quite systematic and orderly. For instance, work in the enterprise by unpaid family members is still found in those industries which already existed prior to the nineteenth century, but is virtually absent in all "later" industries. Similarly, with only a few exceptions, extensive "staff" departments made up of professionals trained in colleges and universities do not appear in industries founded before the twentieth century, while practically all industries whose organizational forms were developed within this century have extensive staff departments. Similar variations in other types of organizations are observed to be correlated with the length of the history of the organizational type. Such systematic variation in the social structure of organizations depending on the age of the organizational type seems to call for a social explanation.

*For the third topic we turn to the impact of organizational arrangements on the relations between social classes in the larger society.*² Although the relative ranking of organizations is a part of the stratification system, its primary impact is not on how individuals treat other individuals of different social rank. In particular, organizations vary a great deal in the *degree of dependence or independence of subordinates*. A subordinate in one type of organization may

get everything he has from his lord and master, have no other sources from which he could get it, and be completely dependent on the good will of his master to give it to him. At the other extreme, he may get only money from his boss, be easily able to make as much or nearly as much elsewhere, and be able to enforce his right to his wages in courts. One of the main places where members of the upper and lower classes meet is in special-purpose organizations. Relations within these organizations are therefore main determinants of the quality of the relations between the classes in society at large. A particular case of changes in class relations in eastern Germany with the change in the degree of dependency within large farms, which has been extensively analyzed by Max Weber, will serve as the illustration of empirical analysis.³

THE ORGANIZATIONAL CAPACITY OF POPULATIONS

The "Liability of Newness"

Aside from these conditions encouraging men to start new organizations, there are poorly understood conditions that affect the comparative death rates of new and old organizations. As a general rule, a higher proportion of new organizations fail than old. This is particularly true of new organizational *forms*, so that *if an alternative requires new organization*, it has to be much more beneficial than the old before the flow of benefits compensates for the relative weakness of the newer social structure. If there are, therefore, populations in which the "liability of newness" is exceptionally great, organizational innovation will tend to be carried out only when the alternatives are stark (generally in wartime). What sorts of things, then, make up the liability of newness, and how do social conditions affect the degree of liability?

(a) New organizations, especially new types of organizations, generally involve new roles, which have to be learned. In old organizations former occupants of roles can teach their successors, communicating not only skills but also decision criteria, responsibilities to various people who have relations to the role occupant, devices for smoothing over persistent sources of tension and conflict, generalized loyalty to the organization, what sort of things can go wrong with routine procedures, and so on. New organizations have to get by with generalized skills produced outside the organization, or have to invest in education (including especially the cost of inefficiency until people learn their roles). Clearly, the distribution and generality of skills outside the organization, the socially induced capacity to learn new roles (especially without visible role models), and the ease of recruitment of skills to new organizations will affect the degree of disadvantage of organizational innovations.

(b) The process of inventing new roles, the determination of their mutual relations and of structuring the field of rewards and sanctions so as to get maximum

performance, have high costs in time, worry, conflict, and temporary inefficiency. For some time until roles are defined, people who need to know things are left to one side of communication channels. John thinks George is doing what George thinks John is doing. Bottlenecks which experience will smooth out create situations that can only be solved with a perpetual psychology of crisis. No one has yet realized that under existing rules, the keeper of the tool bin is implicitly rewarded for keeping tools out of the hands of the workers.

Standard social routines in the organizational culture of the population which solve many such problems (e.g., cost accounting, inventory control systems, standard report forms put out by people who specialize in printing them) clearly reduce the liability of newness. Probably more important still is the degree of initiative—the sense of responsibility for getting the job done rather than doing as they are told—in the labor force as a whole. Such a disciplined and responsible work force, combined with social routines for letting them exercise initiative, greatly reduces the liability of newness. The strength of the norm of initiative in the American labor force shows up clearly in their indignant reaction to the norm that basic trainees in the army are not supposed to show initiative in telling sergeants how the job might be done more efficiently.⁴

(c) New organizations must rely heavily on social relations among strangers. This means that relations of trust are much more precarious in new than old organizations—trust that a stranger will do the job he says he will, that his promises to pay actually bind the resources he says they do, that the new goods he describes are something like what he says they are, that he will not divert organizational funds into his own pocket beyond tolerable levels, that he will make personnel decisions largely on the basis of competence rather than (or at least along with) kinship, and so forth. (An explanation of backwardness in terms of extensive incapacity to trust strangers, who are expected to be loyal only to kin, is in Banfield, 1958.) A cultural tradition in which obligations to kin and friends invariably override obligations to strangers, or in which loyalty to the implicit promises of the employment contract to work at the job is very low, limits organizational structure to that which can be built out of combinations of kinship loyalty and force. Many types of organizations cannot be efficiently built on this basis.

Universalistic religions making oaths to strangers sacred, universalistic law making contracts between strangers binding, reliable negotiable instruments so that one can trust the paper and not the man, ethics of achievement according to impersonal standards in occupational life, rather than interpenetration of occupational and kinship life, all clearly make it easier to construct social systems out of groups of strangers (Weber, 1958, or more clearly in Bendix's summary, 1960, pp. 285-297, 385-457. See also Udy, 1959, pp. 55-71, 88-94, 136-138). That is, although strangers almost always are less trusted than people with whom we have had long experience, some kinds of social structure reduce drastically the amount of difference in trustworthiness between strangers and kin or friends. Such a reduction greatly reduces the liability of newness.

(d) One of the main resources of old organizations is a set of stable ties to those who use organizational services. Old customers know how to use the services of the organization, have built their own social systems to use the old products or to influence the old type of government, are familiar with the channels of ordering, with performance qualities of the product, with how the price compares, and know the people they have to deal with—whom to call up to get action, for instance. There are generally two necessary adoption units for a new practice or product—the producer and the consumer, the politician and the voter, the teacher and the student. The stronger the ties between old organizations and the people they serve, or the larger the component of personal loyalty in the consumer-producer relation, the tougher the job of establishing a new organization.

Obviously, many social conditions will affect the strength of the tie between consumer and producer. To take an extreme case, if an illiterate peasantry depends on the same man to mediate between themselves and a literate world market, to grant credit to buy seed, to rent them their land, and to advise on agricultural practices, they are unlikely to be willing to risk alienating him for a small advantage in only one of these areas. At the other extreme, when literate housewives read their own advertisements, borrow from the bank, rent from a real estate company, and get advice from newspapers, they can easily substitute a supermarket for the local grocer.

Social Structure and the Founding of Organizations⁵

This section will be concerned with the implications of the fact that organizational forms and types have a history, and that this history determines some aspects of the present structure of organizations of that type. The organizational inventions that can be made at a particular time in history depend on the social technology available at the time. Organizations which have purposes that can be efficiently reached with the socially possible organizational forms tend to be founded during the period in which they become possible. Then, both because they can function effectively with those organizational forms, and because the forms tend to become institutionalized, the basic structure of the organization tends to remain relatively stable.

For example, the present urban construction industry, with specialized craft workers, craft-specialized subcontractors, craft trade unions, and a relation of contract between the construction enterprise and the consumer, was developed in European cities before the industrial revolution. Such an organization requires relatively dense settlement, some detachment of socialization for occupational roles from families to be vested in guild-like organizations of craftsmen, contracts enforceable in the law, free wage labor which can move to some extent from job to job and employer to employer, and so on. Such conditions do not normally exist in agrarian societies. This craft form of organization has persisted partly because it is well adapted to the problems of the building industry and partly because of

the force of tradition and vested interest, except in certain circumstances. In the Soviet Union, which had a quite normal-looking construction industry in the cities before the Revolution, a combination of forces (government being virtually the only consumer, industrial building being emphasized in contrast to residential and commercial building, the destruction of autonomous power of trade unions) has resulted in the thoroughgoing destruction of the craft system. During the 1930's there were actually fewer apprentices (a characteristic feature of craft systems) in construction than in the steel industry, even though the construction industry grew much faster during the period. Except in these circumstances (up to now, fortunately, exceptional cases), the basic craft organization has persisted and has distinguished construction from more "modern" industries.

Looked at another way, an examination of the history of almost any type of organization shows that there are great spurts of foundation of organizations of the type, followed by periods of relatively slower growth, perhaps to be followed by new spurts, generally of a fundamentally different kind of organization in the same field. For instance, most men's national social fraternities were founded in one of three periods, 1840-1850, 1865-1870, and 1900-1920. The first wave were founded mainly at northern colleges that later became liberal arts colleges and seem to have had something to do with the secularization of student culture in reaction to previous evangelical currents, and perhaps also functioned as a defense against the high tide of Jacksonian democracy. Fraternities in the second wave were founded in the South, later spreading to the North, and clearly had something to do with the difficulties of Northerners and Southerners being "brothers" right after the Civil War. Several were founded in Lexington, Virginia, where Robert E. Lee headed Washington College, which is suggestive of the symbolic conditions surrounding their founding. The third wave was of "anti-fraternity fraternities," especially of Jews, Negroes, Catholics, and students at teachers' colleges, with a heavy outpouring of anti-discrimination statements and praise of poor college students in the chartering documents. (These observations are based on my own tabulations from fraternity handbooks.)

Our interest in these spurts derives from the fact that organizations formed at one time typically have a different social structure from those formed at another time. Further the slow rate of growth after the spurts generally indicates that few organizational restructurings are taking place, hence the *date of the spurts* is highly correlated with the *present social structure* of the organization whose type originates in one of these spurts. These spurts are best documented in the field of economic organizations, largely because of the influence of Schumpeter (1934, 1939, 1951; Conrad, 1961), who thought they were fundamental to the explanation of business cycles. But the history of virtually any type of organization suggests the same pattern.

Thus, there was a rash of savings bank formations in the 1830's. The first factory industry, textiles, developed in its factory form in England mainly between 1800 and 1830, and was imported pretty much in that form to the United States

toward the end of that period. Railroads, and consequently new communities and counties, and, of course, great steel companies, had their great period of organization in the 1850's and again in the 1870's. Organized socialist parties spread throughout western Europe after the organization of the Second International. New universities were founded in the United States mainly from 1870 to 1900, and the universities "founded" before or after that time are mainly other types of schools (especially liberal arts colleges or land grant colleges) on their way up. Practically no private liberal arts colleges, and very few liberal arts colleges of any kind, have been founded since 1900. At present, junior colleges are being organized at a high rate.

Most of the national (or "International") craft trade unions were founded between the Civil War and the beginning of the twentieth century. They had great growth in local organizations and membership in the World War I decade. The next great spurt of union foundation was, of course, the organization of CIO unions in the 1930's, especially 1937. Streetcar companies and electricity-producing companies were all the rage from 1887 to 1910. The combination of the streetcar and the railroad was at the back of the great reorganization of retail trade by department stores (Macy's, 1858; Marshall Field's, 1852), chain stores (A & P, 1901; Woolworth's, 1879), and mail-order houses (Sears, Roebuck, 1886; Montgomery Ward, 1872). (All dates are from *Moody's Industrial Manual*.) The automobile revolution, and consequently the foundation of the great automobile companies and the rapid growth of the oil and rubber industries, came in the 1920's. Roughly concomitant was the rise of the industrial chemicals industry and (shortly following the reorganization of medical education in the first decade of the twentieth century) the reorganization and centralization of the pharmaceutical trade. Mass production of airplanes and regular air transportation became important during and after World War II. The data processing industries are still going through the throes of organization. The mass communications industries were mostly organized in the 1920's, although the fundamental mass communications industry, printing and publishing, derives from before the factory production period. Retail trade and many of the service industries derive mainly from the pre-industrial city and farming is obviously a prefactory industry.

Stability of Types Over Time

All this would be merely an interesting facet of social history, if it could not be shown that certain structural characteristics of a type of organization are remarkably stable over time. But Hoselitz, for example, has provided data on the proportion of workers in enterprises with more than 200 persons in different industries in Germany in 1882 and 1956 (1961, p. 545). Even though the average size of enterprise in all industries (except printing, which seems to be due to changes in census coverage with the partition of Germany) increased steadily throughout the period, the Spearman rank correlation of proportions of firms with more than 200

Table 1. Characteristic of the Labor Force of Industries Classified by Age^a

<i>Industry</i>	<i>% Unpaid Family Workers</i>	<i>% Self- Employed & Family Workers</i>	<i>Clerical as % Administrative Workers</i>	<i>Professionals as % Authority</i>
<i>Prefactory</i>				
Agriculture	13.3	76.3	0.4	0.7
Forestry, Fisheries	0.5	33.2	14	79*
Retail Trade	1.4	23.7	26	7
Construction	0.2	19.2	20	31
Hotels, Lodging	1.0	17.8	37	9
Logging	0.5	15.4	18	21
Wholesale Trade	0.2	13.3	47*	11
Printing, Publishing	0.2	5.9	51*	54*
Ship, Boat Building	0.1*	2.9*	55*	64*
Water Transportation	0.0*	1.7*	36	12
<i>Early Nineteenth Century</i>				
Woodworking Industries	0.1	6.0	45	14
Stone, Clay, Glass	0.1	5.4	48	45*
Leather (except footwear)	0.1	3.0	52	22
Apparel		3.4	53	18
Textile Industries	0.0	1.2*	62	36
Banking, Finance	0.0	4.2	69	15
<i>Railroad Age</i>				
Post Office	—	—	not relevant (mail carriers)	3
Railroads, Railway Express	0.0	0.1	70	17
Street Railroads, Buses	0.1	2.0	68	28
Coal Mining	0.1	2.7	45	31
Metal Extraction and Fabrication	0.0	1.6	54	54*
Railroad and Misc. Transport Equipment	0.1	0.9	58	66*
<i>Modern</i>				
Automobile Repair				
Telecommunications	0.5*	23.7*	23*	4*
	0.1	0.4	not relevant (operators)	51
Crude Petroleum, Natural Gas	0.0	5.7*	35*	55
Rubber Products	0.0	0.6	59	60
Motor Vehicles and Equipment	0.0	0.5	63	63
Electrical and Gas Utilities	0.0	0.3	62	65
Chemicals and Allied	0.1	2.5	49	69
Air Transport	0.1	2.5	49	69
Petroleum, Coal Production	0.0	0.9	48	71
Electrical Machinery and Equipment	0.0	1.0	53	73
Aircraft Parts	0.0	0.4	46	89

Notes: *Cells deviant from hypotheses.^aBased on my computations from U.S. Bureau of the Census, 1952, pp. 290-291.

employees in 1882 and 1956 is 0.74. That is, if an industry was a small firm industry in 1882, it was very probably still a small firm industry in 1956, though the absolute size of a "small" firm was likely to be somewhat higher.

An even more direct indication of the power of persistence of organizational forms comes from a study of Japanese manufacturing (Rosovsky & Ohkawa, 1961). The authors classified branches of industry into those making products in general use before the Meiji Restoration in 1868, when Japan's rapid modernization of the economy started (but apparently there had been relatively rapid economic growth in the previous period, particularly a great increase in the productivity of land). Manufacturing enterprises in the traditional sector are much smaller, much less capital-intensive, less oriented to a luxury market. For instance, among all manufacturing industries, only 35.0 per cent of the labor force was employed by firms of size 4-29; among indigenous industries, the proportion was 74.4 per cent. The unweighted mean of urban expenditure elasticities (cross-section) for indigenous commodities was only .401; for modern commodities it was 1.022.⁶

In general, in Japan, as in other industrialized countries, unpaid family labor is most prevalent in agriculture, somewhat less prevalent in retail and personal service industries, less yet in urban construction (apparently the heavily male character of the industry somewhat overcomes the normal expectation that this industry should be highly involved in families), and much less in the thoroughly modern economic sectors. *Within* manufacturing, 8.7 percent of the workers in 55 indigenous industries were unpaid family workers, while the national average for all industry included in the Census of Manufactures is 3.2 percent.

For the United States, Table 1 presents statistics on various aspects of the social structure of industries by a rough age-of-industry classification.⁷ I have had to leave many industries out because of my ignorance of their history, and at best the age classification represents my impressions from a casual reading of economic history. Some better criterion of the "age" of a product (such as that used by Rosovsky & Ohkawa) is needed, but this would necessitate a much finer industrial classification than is available, and a separate research project in the history of American technology.

The first two columns are proportions of the labor force involved in the kinship sector of the labor market, of self-employed and unpaid family workers. The third column is the proportion of clerical workers in the "middle-class administrative personnel" group made up of clerical workers, professionals, proprietors, managers, and officials. Two industries, telecommunications and the Post Office, are not reported in this column because their operative personnel are classified by the census as clerical workers, so the proportion reported is not a good index of "bureaucratization." The fourth column reports the proportion of all "top status people," i.e., professionals and proprietors, managers, and officials who are professionals, thus providing an index of the development of staff structures.

The first column shows that the prefactory industries still involve unpaid family workers to a greater extent than any of the industries developed after that time. There are three cells in the column that deviate from this pattern (deviant cells are starred for ease in locating them). Two of these come from industries which are deviant in *all* cells, namely Ship and Boat Building and Automobile Repair. Ship and Boat Building is much more modern on all criteria than would be anticipated on the basis of its age, and Automobile Repair is a twentieth-century traditional industry. The other exception in the first column is Water Transportation. (Clearly the introduction of the steamship, diesel propulsion, and the steel hull reorganized the shipbuilding and water-transportation industries much more than I had anticipated.) With these exceptions, all the prefactory industries are above 0.15 percent in the proportion of unpaid family workers, and all those whose organizational forms were determined after the beginning of the nineteenth century are below 0.15 percent. On this basis, we can hazard the historical guess that the first stage of "bureaucratization of industry" was the differentiation of the work role from family life. Note also that the level of unpaid family labor in all United States industries except agriculture is below that of manufacturing as a whole in Japan, as reported above. This suggests that unpaid family labor declines with time and modernization in both the traditional and modern sectors, but the difference between these two sectors remains even in advanced industrial countries.

In the second column there are indications of a slightly different relation of kinship institutions to the organization. "Self-employment" is an indication of the "employment" of "unpaid family labor" in the work of *managing* the enterprise. Thus, the two breaks in the column indicate the present results of the historical process of differentiating managerial roles from kinship roles. Prefactory industries are at 5.9 percent or above in the proportion in the kinship sector (two exceptions), early nineteenth century industries between 3.0 and 6.0 percent (one exception), railroad age and later industries are below 3.0 percent (two exceptions). Before commenting on this, we will treat the closely related third column.

In the third column, the decisive break is again between prefactory industries and all later ones, the former running below 45 percent clerical workers among administrators, the later above (five exceptions). Since the proportion of clerical workers among administrators is a good indication of the development of files, regularized communications channels using written communication between designated officials, the origin of "bureaucratic" administration of production (in this sense) can be roughly located in the early nineteenth century.

Combining these results, we see two crucial stages of the "bureaucratization of industry." The first took place at the beginning of the factory age and involved the introduction of written and filed communication into factory administration and the differentiation of both work roles and lower management from family institutions. But the top administration was still in the hands of owners, and the factory was still an element in the family estate of the top management. Authority can become more hierarchical, can have more levels, with impersonal written com-

munications and filed records. The superior efficiency of a bureaucratic communications apparatus for large-scale administration allows the size of the enterprise to expand somewhat, resulting in fewer top administrators (reflected in fewer "self-employed" than in the prefactory period). But top management is still not a normal career stage in the life plan of a subordinate official, for the top managers are still "self-employed," and their positions depend on their success (or the success of their ancestors) in building up a family estate.

Later, in the railroad age, top managerial positions were differentiated from kinship institutions and made into "occupations" of employed career officials. Capital was now frequently recruited by the sale of corporate securities on the open market, and the size of the business did not depend on the size of the family estate inherited by top management. Top managerial positions became a career stage in the life of employed officials, rather than a prerogative of sons and husbands. The same process apparently took place in the old industries of Ship and Boat Building and Water Transportation, while in Automobile Repair and Crude Petroleum and Natural Gas Extraction traditional forms have been introduced into new industries.

The fourth column represents roughly the development of staff departments. In organizations originating before the modern age, less than 35 percent of the top status people (those who occupy positions of authority either by virtue of their office or proprietorship or by virtue of professional training) are made up of professional people (six exceptions). After the beginning of the twentieth century, at least half of the authority positions are occupied in new industries by professionals (one exception). Two of the exceptions are accidental features of the data. The government departments concerned with forestry and conservation (which are relatively new) are disproportionately made up of professionals, and account for a large share of the professionals found in these industries. So here the index does not represent the development of staid departments, but the dominance of new departments of the government. Second, writers and editors are counted as professionals, but are not generally in staff departments, so the misplacement of printing and publishing is not really meaningful.

Discounting "accidental" exceptions which reflect inadequacies in the data we have used, the main exceptions to the generalizations are in the "machine-building" industries. These industries, whether building ships, locomotives and railroad cars, machine tools, automobiles, aircraft, electrical machinery, or other machinery, all have modern forms of organization, whatever their age.

For economic organizations where the data are fairly readily available, structural characteristics of a type of organization tend to persist, and consequently there is a strong correlation between the age at which industries were developed and their structure at the present time.

Probably other organizations as Novell still have traces of their time of origin. It seems very unlikely that national social fraternities being organized now would have racial and religious exclusion clauses. The representatives of national frater-

nities or sororities who visit campuses during rushing seasons were sometimes provided in the 1960s with printed instructions and arguments to help them deal with chapters that want to pledge a minority-group member. If the unprejudiced forces are so strong as to require special efforts of national officers to overcome them, newly founded groups without a tradition to defend would probably save themselves the trouble.⁸ If working-class parties in Europe were organized without reference to tradition in the 1960s, the overhanging revolutionary mood of Marxist ideology would probably be dispensed with. If universities were just being organized now, the federal government and its research arms would undoubtedly play more of a role in university government. If the YMCA were organized now, it would very likely be a secular agency more similar to the mental health movement. And so on.

Developing a Theory of the Correlation of Age and Structure

A theory which seeks to explain this observed correlation between the age of an organizational type and its structure must deal with at least three questions: (a) Why are organizational forms originated at different times different at the time of their foundation? (b) What kinds of forces internal to the dynamics of passing on an organizational tradition tend to maintain the form in more or less its original shape? and (c) Why are such traditional organizational forms not eliminated by the competition of new organizational forms which become possible in succeeding periods?

The second and third questions are partly unnecessary, to the degree that the technical and economic conditions of a particular enterprise determine its appropriate organizational form. For example, I have argued (Stinchcombe, 1959) that the unbureaucratized craft-subcontracting structure of the construction industry is particularly suited to the highly variable work load of the industry, the varied nature of its products, and to the fact that the work that has to be done at a particular site varies a great deal depending on the stage of the process of building which has been reached. These conditions have been relatively uniform in urban construction in capitalist societies for a long time. As soon as the social structure of early modern cities was appropriate for the development of this form, special-purpose organizations for construction were "invented." Since the technical innovations in building did not appreciably affect the conditions which made the form appropriate (unlike the effect of technical innovations, in, for instance, ship-building or the construction of wheeled vehicles), the form persisted. In other words, if we considered building skyscrapers a "new industry" as we consider automobiles a "new industry," then simply because certain of the economic and technical characteristics crucial in determining the socio-technical system did not change with the invention of steel frame construction and elevators, the "new industry" of skyscraper construction has a traditional form and violates our main hypothesis.

On the other hand, railroads perhaps could not be “invented” until the social forms appropriate to an inherently very large-scale enterprise had been invented, and railroads still being inherently a large-scale enterprise (unlike those technical systems that had been already incorporated into economic life before it was possible to construct such large organizations), they still show the characteristics inevitably associated with size.

In short, by a combination of the postulate that economic and technical conditions determine the appropriate organizational form for a given organizational purpose, and the postulate that certain kinds of organizations (and consequently the technical systems which require them) could not be invented before the social structure was appropriate to them, a complete theory of the correlation between age and structure of organizations could be developed, with no recourse at all to special “traditionalizing” forces.

Such a theory would be particularly appropriate to deal with certain of the deviant cases in the analysis, such as the automobile repair industry. This industry is clearly “new” because it is dependent on the existence of the automobile industry; we might hold that the automobile industry itself could not be invented until organizational forms appropriate to large-scale factories and nationwide distribution systems had been invented. The industries that are dependent on the automobile industry could not develop until the age of modern bureaucratic enterprise, yet their own technical systems need not be those that require modern forms of organization. We can suspect that this is exactly the case with the automobile repair industry. This is supported by the observation that many underdeveloped countries which find it impossible to introduce automobile manufacturing have no difficulty whatever developing a very vigorous and effective repair industry. But both because I believe there is direct evidence of traditionalizing forces, and because the evidence is not at hand for judging the alternative theories, I will develop the extant answers to all three of the questions posed above.

(a) Why are organizational forms developed at different times systematically structurally different? Two of the fundamental problems in starting new types of organization are to concentrate sufficient resources in the hands of an innovating elite and to recruit, train, motivate, and organize personnel in a structure that will function more or less continuously. Or, to rephrase these requirements in terms of the structure of the organization, an organization must have an elite structure of such a form and character that those people in the society who control resources essential to the organization's success will be satisfied that their interests are represented in the goal-setting apparatus of the enterprise, and the body of the organizational structure must have such relations to the labor market that an adequate quality of motivated work gets done.

Three of the most important resources are power (in the sense of capacity to coerce if necessary, e.g., the right of eminent domain for railroads), wealth (Linter, 1959), and moral commitment or legitimacy. With these resources it is possible to achieve discipline within the organization and the consent of those

outside whose consent is essential. Different organizations of course make use of different "mixes" of these resources (Etzioni, 1961). Railroads and other "natural monopolies" must have more political legitimacy than more competitive industries. Character-forming organizations need more capacity for moral suasion than economic organizations. Large corporations must be granted by law more capacity to act in spite of objections by minority owners than small partnerships.

But different societies, and the same societies at different times, have different devices for distributing these resources to innovators, and have different "qualities" of such resources. A classic analysis of the quality of resources and their availability to innovators, with consequent effects on the form of organization of production, is Weber's (1927, 1957) analysis of the social sources of consent to the authority of entrepreneurs starting factories. Urban land, at least, had been alienable, and hence available to entrepreneurs, during the European Middle Ages. Commercial institutions for transferring the control of money were also fairly well developed long before factory industry became important. One of the main resources that was problematic, according to Weber, was whether entrepreneurs could "recruit the obedience" of labor. His argument on the relation of the Protestant ethic to obedience to impersonal technical norms rather than to personal authority is too well known to bear repeating.⁹ But somewhat less attention has been paid to his analysis of the impact of formally free labor. Clearly, if obedience is owed to traditional lords or to conquerors, it cannot freely pass to innovators whose resources come through peaceful pursuit of market advantage, upstarts from the common people. In an extended analysis of slavery, Weber tried to show that the *quality* of labor under such a system is inadequate for factory enterprise. He gave at least four reasons for its inappropriateness: (a) it eats up capital, already likely to be in short supply; (b) it makes labor into a fixed cost (the subsistence of slaves, who are too valuable to let starve in bad times, unlike free labor); (c) the slave market is intimately dependent on the fortunes of war, so the price of labor is not calculable, and the only sure, stable supply (by raising slaves) is risky in an unsteady market because of the long period between investment and payoff; (d) most important, the degree of responsible initiative required in factory work cannot be achieved by application of force or legal constraint. This last is also an objection against traditional forced labor. In sum, authority in plantation agriculture may pass to entrepreneurs efficiently enough with slavery, but entrepreneurs in factory production cannot get the kind of obedience they need under the economic conditions they can meet by any other system than formally free labor, preferably paid in money wages.¹⁰

We can say something quite similar of free wage labor in a modern economy. It seems that wage labor is inappropriate for providing the kind of discipline of workers appropriate for a modern economy, and wage labor is disappearing in the more rapidly growing segments of the economy, being replaced by salaried career labor, recruited from schools and colleges. This process is slow and takes place largely at the growing edge of the economy, just as was the case with wage labor.

Basically, this is due to the fact that “labor” is more and more the production, dissemination, and application of knowledge rather than energy. Particularly in the very rapidly growing industries, such as education, weapons design, computer production and sales, advertising, and research, production varies much more with the amount of knowledge and intelligence than with the amount of energy applied. To an increasing extent, the exports of the richer countries reflect the fact that they can produce, disseminate, and apply knowledge much more cheaply than poorer countries, where human energy is cheaper. Natural resources are becoming less important in determining the flow of international trade, and educational systems are becoming more important.

The system of rewards and punishments appropriate for maximizing the amount of knowledge and intelligence that will be applied in a work role are likely to be quite different from those appropriate for maximizing the amount of energy applied. In particular, the organization of work roles into a *career* is much more important, and the necessity for rewarding performance from minute to minute is less important. A man’s knowledge and intelligence do not vary much from one hour to the next, but vary greatly over his lifetime. Thus, the motivational devices for organizing labor have to be directed toward rewarding variation over lifetimes, rather than over hours.

This means that salaries are a more appropriate form of payment than wages, and the organization of a series of salaries over a course of years—in order to encourage further learning as a qualification for future jobs—is crucial. Thus knowledge-producing and disseminating industries, and those commodity-producing industries whose productivity depends on the application of knowledge more than on the application of energy, are likely to provide stable salaried employment, with salaries organized into a differentiated system so that a man’s earnings vary markedly between years but very little in shorter time periods, a salary system in which income is relatively highly correlated with age, and a system of ranks or salary levels supposedly representing different levels of intellectual competence.

Where for economic reasons an enterprise cannot guarantee a complete career line for the people whose knowledge it needs—for instance, if it is too small to support an operations research group or an adequately diversified legal staff—the appropriate arrangement is not to employ such workers in an explicitly insecure job. The appropriate arrangement is similar to the client and free-professional relation, by which industries applying knowledge to laymen’s problems have traditionally been organized. Fee-for-service consulting relations are more likely to arise, in the absence of salaried career specialists, than are wage-labor arrangements.

Thus, as the crucial factor of production obtained from “labor” changes from energy to knowledge, the appropriate organization of the labor market changes from wage labor to salaried labor or free professional practice. This new organization of the labor market has its focus in the university, whose labor force is

organized exactly according to the principles outlined above. The university is not only a model of what knowledge-producing industries need to look like, it also plays a vital role in the larger system of labor market organization, for it provides the prospective professional with the initial knowledge on which a future career is based and also provides extensive consulting and research services on a fee-for-service basis. The fees, incidentally, are very steep.

More and more of the labor market of the society at large can be expected to approach the organization of the labor market in higher education. This reorganization of the labor market around the university started, in a significant way, toward the end of the nineteenth century. The "modern" industries of the above analysis have already reorganized their administrative apparatus until it looks very much like a university, and the very modern industries at the edge of current growth have as much as half of their labor force in university-type labor market structures (e.g., the business of building rockets has about that proportion).

The picture of the United States economy in the year 2500 could probably be approximated fairly well by expanding the social structure of a major university to a population of two or three hundred million. Clearly, there are many kinds of structures which can be built to be oriented to this type of labor market which could not be built before. Thus, both the early capitalist forms of enterprise and certain modern forms depend on reorganization of the labor market.

The creation of institutions appropriate to a formally free labor market, then, are a structural precondition of one type of organization according to Weber's argument. Something of the same sort goes on with other resources for organization-building. For instance, the number of people committed to the systematic advance of secular knowledge, and hence available as faculties for universities, obviously differs among societies, and differs over time as a heavily rural frontier society concerned with practical problems and the salvation of souls turns into an urban secular society. With the invention of social devices to "capitalize" this resource into going concerns—land grants, boards of regents made up of rich men rather than clergymen, norms imported from Germany (for research degrees, faculty government, teaching loads, and salaried faculties)—modern universities could be founded. Or to take another example, socialization in professional schools can make staff departments a paying operation, both by supplying knowledge on the labor market and by giving professionals a definition of their mission in industry. Or the development of savings banks means that capital need not come out of the family estates of friends and relatives, both increasing the amount of wealth available for investment and depersonalizing the process of laying one's hands on it.

The organizations formed at any given time must obtain the resources essential to their purpose by the devices developed at the time. Since these devices differ, the structures of organizations differ.

An example of the effect of changing devices for mobilizing strategic resources on elite structure is suggested by Duverger's analysis (1954, pp. 1-60) of the dif-

ferent structure of the egalitarian political parties, depending on whether they were organized before or after trade unions became strong. In England, the Labor Party was formed in the first decade of this century, after trade unions had become strong. In the United States, the Democratic Party was a strong functioning organization before any important national unions were formed. In the formal constitution of leadership in the Labor Party, the election units and the interests represented are trade unions; in the Democratic Party they are state party apparatuses. Examples of the historical determination of the available alternatives of elite structure of organizations could be multiplied. The legal development of boards of directors who could act in the name of stockholders, or the development of the legal definition of the role of trustees so that the resources of the dead or of non-profit enterprises could be administered with a practical degree of discretion, fundamentally changed the possibilities of corporate and institutional elite structure. The development of stock exchanges and of the variety of investment instruments changed the possibilities for recruiting capital. The regularization of the grant of government powers (such as the right of eminent domain) to "private" organizations such as canal companies and railroads again opened up new alternatives. The net result is the tremendous range of alternative ways of organizing an elite available in modern society, documented by Dahl and Lindblom (1953, esp. pp. 10, 12, 14-15, 17).

The Structure of Labor Markets

The structure of labor markets, or institutions and practices by which men are distributed among organizations (the analysis to follow of the current American labor market is deeply indebted to Phelps, 1957) changes over the course of history. This means that the nature of the norms governing workers, the quality of the competence which can be recruited, and the bases of the motivation to work which an organization has to deal with and adapt its structure to, change. For purposes of comparing labor market structures, one can specify the elements of labor market structure as: (a) the nature and quality of preparation for work roles outside employing organizations, particularly in schools, (b) the organization of licensing agencies and practices, (c) the nature of organized groups which determine the norms of the employment contract, such as unions and professional associations, (d) the manner in which particular jobs are (or are not) integrated into careers in which the quality of current performance affects future statuses, and (e) the structure of competition for labor, or looking at it from the point of view of the individual, the range of alternatives open to people occupying particular organizational statuses. I will first discuss in these particulars the variety of ways that sectors of the labor market of the United States are socially structured at present, then consider briefly the historical development of the labor market context in which organizations have had to be founded.

Labor may in the first place be committed to particular jobs by family ownership in the organization itself, as is quite typical of most American farming, much of retail and service employment, and the top echelons in middle-sized business. About a sixth or a fifth of the total civilian labor force, and perhaps a tenth of the urban labor force, are proprietors, self-employed (which of course includes many professionals), and unpaid family labor. These people fail (very generally those who fail enter the manual work force) when the enterprise fails. The successful urban small-business population is quite heavily recruited from ethnic groups whose family structure and attitudes toward work achievement provide the kind of disciplined performance necessary to build a business—Jews (Lenski, 1961, pp. 91-93), Greeks,¹¹ and Japanese are especially prominent examples. Most farmers are sons of farmers.¹² This section of the labor market, then, is intimately tied up with kinship institutions, and it is impossible to understand the organizational structure and functioning without analyzing the interpenetration of kinship and economic activities. On the five points: (a) workers are prepared either within the family or in empirical socialization in other business organizations, (b) no licensing or educational qualifications hold, (c) organized groups mediating between family members do not exist, (d) career motivation depends on tying the fate of the individual to the development of the family estate in the business, and not on occupational promotion, and (e) skills and estates are rarely completely transferable to other enterprises, so that a man's fate is closely tied to the fate of the particular enterprise rather than to the general labor-market status of his kind of skill.

The labor markets for employed middle-class people are generally organized according to bureaucratic principles, more or less mixed with professional principles (the difference being that professionals have a labor-market status which applies to a wide range of organizations, defended by professional associations, while bureaucrats are more oriented to particular organizations). That is, employment is conceived to be permanent and not to respond to short-run market variations; most higher officials are recruited from among lower officials; selection and promotion are on grounds of competence and seniority as determined by standard procedures (unilaterally set up by management). Recruitment is from schools, and generally based on an evaluation of school performance. All these characteristics tend to make the job a stage in a career within the same organization, with the criteria of promotion at each career stage determined by superiors (Caplow, 1954, pp. 149-156). The "career" begins before employment in schools which provide relevant training.¹³ Roughly speaking, such bureaucratic labor markets include civil servants, employees of large unorganized firms (mostly in the "white-collar industries" of trade, finance, insurance, etc.), and employees outside bargaining units in large unionized firms. About a quarter of the civilian labor force is in this sort of labor market structure. In summary: (a) preparation for work is in schools; (b) qualifications are generally judged by the employer, rather than by the government through licensing (there are some exceptions, as in

employed medical practitioners); (c) employees are unorganized; (d) the career is within a particular organization, but not tied to it by ownership; (e) the range of alternatives for ranks above the bottom is generally limited by the stake built up in the career within the organization, but the more their qualifications for a job partake of a "professional" character, the more cosmopolitan their careers.

About a tenth of the civilian labor force are unionized employees of small firms, mostly organized by craft, especially in the construction, maritime, entertainment, and printing trades, and some service trades in large cities. Mobility between firms is generally high, but occupation and union membership are relatively stable, and careers are organized by unions and union membership. Unions generally set conditions of employment more or less unilaterally and control access to jobs. The internal administration of work in firms or projects is heavily determined by craft organizational principles (see Stinchcombe, 1959). In sum: (a) union-supervised apprenticeship outside of schools is carried on in firms of the crafts; (b) unions certify competence and control access to work; (c) unions set the conditions of employment within wide limits, (d) careers are within the occupation, rather than being limited to one firm, and (e) there is generally an alternative job under the same wages and working conditions available to the craftsman, who is thus rarely dependent on a particular enterprise.

Manual labor under union contract in large firms is not generally conceived of as a career for two reasons: higher positions are not generally achieved by older hourly-rated workers, and employment responds to short-run adjustments in the product market. Wages rather than salaries are paid, and the "generalized loyalty" to the organization expected of bureaucratic employees (mentioned by Weber) is not effectively expected of most wage workers. Recruitment is generally controlled by management rather than by unions, but is not generally oriented to getting special qualifications in the workers, either educational or craft; skilled workers under such labor-market arrangements are very often trained within the factory. Counting employees who are not union members but are covered by union contracts, something like a fifth of the labor force is in such labor market structures. In summary: (a) preparation for work is generally not organized outside the firm, either in schools or in unions, but training is for particular jobs in particular firms, (b) workers are not licensed or certified except by the employer himself; (c) employment conditions are determined by bargaining between unions and managements; (d) particular jobs generally do not form part of a career, and management does not undertake to promise permanent employment, steady progression in pay and prestige, or the opportunity for growth; and (e) there is much movement among factories by workers seeking better conditions, and some from factories to the other sectors of the labor market.

This leaves the unorganized employees of small firms and (unorganized) private employees outside the business population. Farm labor, clerks in small retail trade, waitresses, service workers such as gasoline station attendants, domestic servants, and the like, fall in this class. A little over a fourth of the labor force is

in such employment, which quite generally does not form a career in any sense, has uncertain tenure, wages and working conditions determined *ad hoc* by employers, no protection for workers by many of the laws governing the labor contract with larger firms. In short, this part of the labor market conforms very well to the classical economist's picture of a "free" labor market. The concentration of misery in this sector of the labor market is proverbial. In summary: (a) no special institutions for training workers generally exist; (b) workers are not licensed; (c) no organized groups interfere in the employer-employee relationship; (d) careers generally do not exist; and (e) labor moves freely from one employer to another.

In a general and all too sketchy way, we can describe the evolution of the British and American labor markets historically as follows: in feudal times kinship and political obligation to particular lords organized the labor force (political obligation is largely confined to military service now). Early modern cities, and, with the enclosure movement, the countryside also, saw the evolution of "free" labor markets and the origins of craft organization. Bureaucratic organization of "organizational enclaves" in the labor market, within which the control of careers gave added power to discipline the middle-class labor force, was by and large the development of the nineteenth century. Extensive organization of professional schools and the gaining of control over large segments of the middle class labor market by middle-class "craft" organizations based on control of professional education, though traditional in a few professions, received its major impetus in the twentieth century.

These two kinds of social structural variables, the terms on which wealth and power are available and the structure of labor markets, partly explain why organizations set up at different times have different forms at the beginning. It is considerably more difficult to explain why many types of organizations retain structural peculiarities after their foundation without falling into tautologous statements about "tradition," "vested interests," or "folkways" not being changeable by formal regulation. The problem is to specify who it is that carries "tradition" and why they carry it, whose "interests" become "vested," under what conditions, by what devices, whose "folkways" cannot be changed by regulation, and why. This problem is at the very center of sociological theory. Unfortunately, we are not much closer to an answer to the problem now than we were in Sumner's day. Some elements which may move us along a little way for the particular field of organizational analysis have been suggested by Selznick (1957).

The basic process that Selznick sees is one in which an organization in order to solve its problems has to make commitments to outside and internal social forces. In order to ensure the preservation of some precarious value within the organization, for instance, men have to be socialized, careers molded, and power allocated to defend the value. Or in order to get political support, the TVA must make some permanent commitments to agricultural extension services and farmers' organizations. During both of these processes, ideologies are elaborated to explain the

power structure, to teach men their responsibilities, and to justify the stable relations between the organization and the outside. But to mold careers, to allow outside organizations permanent control over some aspects of policy, to create and justify power distributions, is not only to mobilize social forces for present purposes. It is also to infuse the resulting structure with value, to make it an "institution" rather than a dispensable technical device. "Interests" become "vested" because it is possible to defend the interests by appeal to the values the organization was set up to serve (the connection is spelled out in the ideology developed to explain the power distribution), and to use in their defense the powers originally allocated to enable people to serve the values.¹⁴

Thus, in craft-organized industries, unions can and do appeal to the norms of craftsmanship—the value of the industrial discipline they provide—to defend the closed shop. The powers they use to defend their monopoly in the local labor market they obtained originally because they could in fact provide a skilled labor force on predictable terms. The current effectiveness of their strikes is a function of the degree to which craftsmen are in fact superior to untrained men for the work.

Besides these internal traditionalizing processes, we must also explain why new organizations, making use of newly created means of harnessing wealth, power, and moral commitment to organizational purposes, do not destroy the old forms of organization by competition. But, of course, they often do. The family farm and the family retail business are in a longterm decline in the face of newer organizational forms. Socialist parties have lost heavily in some places (e.g., France, Italy) to the combination of devices for mobilizing the workers and poor peasantry used by Communist parties, in other places (especially Germany, but also Italy and France) to new devices for combining religious loyalties and desires for democratic government in Christian-Democratic parties. Armies that do not adapt are defeated in war. When university medical schools really organized to destroy proprietary medical schools, after the Flexner Report, the latter disappeared except in the medical cults.

In other words, it is problematic whether the advantage of new organizational forms over the old will be sufficient to destroy the old. But also the character of the Darwinian process, the form of the struggle for existence, differs for different kinds of organizations. If resources for current operations come from endowments rather than either from sales or from legislative appropriation, the organization may last much past the time when its structure was truly competitive. This is merely a particular case of a "sunk cost," which generally gives older organizations an advantage. An endowment is a permanent investment in a particular organization, and being permanent is free as far as current costs are concerned. The flow of benefits from the resources invested in an endowment have to be obtained from the organization or not at all. Unless an internal reconstruction of the old organization takes place, a new organization of a new form has to be beneficial

enough to be able to compete, even without the advantage of free services from sunk costs.

Natural monopolies, like railroads before airlines, streetcars before automobiles, armies under stable governments, are in much different types of Darwinian process than competitive businesses or armies in time of revolution. Prestige competition, as between universities, allows much more room for self-deception than market competition in which revenues decline.

That is, besides the degree of advantage of newer over older forms of organization which helps determine whether the old form continues or is replaced, a basic determinant of persistence of organizational forms is the degree to which the existence of an organization depends on its being better than its possible competitors.

To recapitulate the argument of this section, organizational types generally originate rapidly in a relatively short historical period, to grow and change slowly after that period. The time at which this period of rapid growth took place is highly correlated with the present characteristics of organizations of the type. For instance, prefactory industries still use more unpaid family labor, early factory industries are still family firms but bureaucratized below the top, railroad age industries have career officials at the very top, but do not generally have staid departments of professionals well developed, while modern industries have no family labor, no family management, and extensive staff departments.

The explanation is that organizations which are founded at a particular time must construct their social systems with the social resources available. Particularly, they have to build their elites so that they can recruit necessary resources from the society and to build the structure of the organization so that in the historically given labor market they can recruit skills and motivation of workers. Once such going concerns are set up in a particular area, they may preserve their structures for long enough to yield the correlations we observe by any one of three processes: (a) they may still be the most efficient form of organization for a given purpose; (b) traditionalizing forces, the vesting of interests, and the working out of ideologies may tend to preserve the structure; and (c) the organization may not be in a competitive structure in which it has to be better than alternative forms of organization in order to survive.

Organized Dependency Relations and Social Stratification

The study of social stratification in modern society has moved in the direction of the study of allocation processes in stratification systems rather than problems of *class relations*, which were the classical concerns. That is, the tendency is to ask how prestige is distributed among occupations rather than how men with "superior" occupations treat men with "inferior" ones; or to ask what social class power elites are drawn from, rather than what powerful people can get others to do; or to ask whether America is becoming a middleclass society, rather than

whether all classes are now obliged to treat everyone as if he were middle class. Rates of social mobility are studied, rather than comparing what men get in terms of deference, submission, and privileges when they are socially mobile. The main exceptions to this trend occur—for good reasons—in monographs like Bendix's *Work and in Industry* (1956) or Dahrendorf's *Class and Class Conflict in Industrial Society* (1959), which treat the stratification system in relation to the organizational life of the society. The reasons for the close relation between organizational life and class relations will become clearer if a few conceptual problems are discussed first.

An organization, like other social groups, is something of a "community of fate." That is, either through psychological mechanisms like identification or through reward systems, an aggregate becomes a group to the degree that damage to the collectivity (or its members) is "bad" for the individual, and success of the collectivity is "good." But an organization differs from other communities of fate in that it is deliberately designed to reward people in such a way that they are better off if some specialized purpose is achieved, and worse off (punished, wages lowered, careers cut off, or honor smirched) if the purpose is not achieved. A community of fate is more binding to the degree to which its members are *dependent* on the group for all their satisfactions. If children could choose their parents, they would not as often develop dependency relations with them.

Organizations are among the groups where the community of fate is shared *among unequals* (families are, of course, another). Furthermore, these unequals are in different social classes, and are often not psychologically intimately identified with one another. Outside organizations, the social classes tend to be segregated from one another, in residence, in cultural milieu, in circles of friends, in marriage. Organizational activity is in fact the main place where social classes *meet* on a continuous basis. Just as studies of the relations between generations would be almost without body unless families and schools were studied, the relations between classes disappear from studies of stratification not explicitly concerned with the analysis of organizations.

The upper classes occupy the higher positions within organizations (in modern society, largely because class position is derived from organizational position; in ascriptive societies, because the derivation is the other way around).¹⁵ In general, the fate of the organizational elite is more closely tied to the fate of the organization than is that of their "inferiors." This is so for several reasons. In the first place, organizational prestige is translated quite directly into personal prestige of the elite. Hopkins full professors are held in high regard as much for the merit of Johns Hopkins as for their personal accomplishments, if only because most of the people who admire them are incapable of judging their accomplishments. Elite value commitments are often, for various reasons, more directly related to organizational goals than are commitments of subordinates, and there is also the matter of elite appropriation of money and other profits of the organization.

This implies that a central variable in the relations between subordinates and superiors, and consequently between the classes of society, is the degree of dependency of the inferiors on the organization. For if the inferiors are not dependent (while the superiors almost always are), then the superiors are dependent on the consent of the inferiors. The more the subordinate's needs and wants are met by the organization, the more the superior controls the flow of these satisfactions, and the less the subordinate could meet these needs elsewhere, the less the upper classes have to court the subordinate's consent and compliance. To take extreme examples, a senator is surely a member of the upper classes in prestige, money, and power, and so is a general. But a senator meets the lower classes in a situation in which his fate is tied to the fate of the party organization, while theirs is only if he can convince them that it is. He meets the lower classes as a supplicant for their support of his organization in a context where the alternative organization they might support is all too obvious. The general meets the lower classes in a context in which the alternatives to obedience are unpleasant, where he controls most of the sources of those little gratifications that make life bearable. It hardly needs emphasis that the rhetoric and etiquette of relations between the classes are different when they meet at election time than when they meet on a military post.

The problem having been posed, this section will proceed as follows. First, some of the main conditions that determine the degree of dependency of inferiors in different types of organizations will be outlined, and a few examples of organizations, on the basis of these conditions, will be ranked by the degree of dependency of inferiors. Then, a case of the change in class relations that followed upon a change in the degree of dependency in economic organizations analyzed in detail by Weber, namely, class relations on the large landed estates of eastern Germany, will be treated.

What sort of factors, then, influence the degree of dependence of superiors on inferiors, or the degree of independence of inferiors? The following seven seem to be of the greatest importance:

1. The capacity of inferiors to organize in opposition to superiors. This capacity in turn is dependent on the structure of communications channels among inferiors and their capacity to recruit and protect a competent leadership. Urbanism, literacy, the concentration of large numbers of inferiors together in urban slums or agricultural villages, all tend to increase their organizational capacity. And very often in the first stages of organization, a leadership trained in other groups (such as the Methodist lay leaders in the British labor movement) or disaffected elements of the old elite are important.

2. The existence and availability of alternative sources for the satisfaction of needs now met by the superiors. Particularly if organizations compete for the services of inferiors by offering comparable terms of employment, tenancy, etc., the power of any one superior is reduced.

3. The vesting of interests of inferiors by a stable and efficient enforcement system, so that the status and rewards of inferiors are not precarious. Jobs protected

by effective craft norms, peasant property defended in courts of law, tenure policies of universities supported both by civil courts and by faculty opinion, all increase the independence of inferiors.

4. All three of the above variables depend in part on the content of laws and the efficiency of their enforcement. Freedom of organization and propaganda, freedom of movement to alternative employers by labor, forbidding of blacklists to keep alternatives open, defense of freeholds in the king's court rather than in manorial courts, all are attempts, generally more or less successful, to control the degree of dependence by law.

5. The degree of institutionalized dependence of superiors on inferiors, especially by devices of free competitive election. The relation between dictatorship (that is, lack of elections) and oppression is so obvious that we usually use them as synonyms, and in this case the folk wisdom embedded in the language is quite correct.

6. It is apparently inherent in some kinds of tasks that there are alternatives available to inferiors. Any complex task requiring initiative, responsible operative decision, or sustained attention automatically provides the opportunity for "conscientious withdrawal of efficiency." Thus intensive agriculture on highly valuable land presents the possibility of a slowdown and waste of crucial resources by labor more forcibly than more extensive agriculture on cheap land. (Often land is cheap not because of low productivity, but because it was obtained by conquest rather than free sale.) And apparently the kind of discipline required of inferiors on valuable land is more easily obtained by tenancy arrangements than by employment of agricultural labor. (For a summary of some of the evidence, see Stinchcombe, 1961, pp. 169-172. See also Weber, 1924, p. 24.) Factory labor is apparently not efficiently done with unfree or coerced labor, nor can unfree agricultural labor generally stand comparison with wage labor unless it is very much cheaper per hour.

7. The nature of the ideology of superiors. Ideologies differ on the question of how independent inferiors ought to be, on whether or not it is right to use power that falls into one's hands. It is naturally difficult to assess the importance of this factor, but it seems that elites raised as Protestants or Jews differ from those raised as Catholics, that elites raised in democratic countries differ from those raised in aristocratic countries, that elites raised in traditional landholding plantation or feudal families differ from those raised in bourgeois families. Protestants, democrats, bourgeois are less likely to believe in their right to use all means to reduce inferior classes to dependence, and given the same values on other variables, seem actually to exercise their powers less. (The most extensive analysis of the effect of ideology on authority relations is Bendix, 1956.) On the other hand, the reduction of Jews in Nazi concentration camps to complete dependence clearly reflected ideological pressures.

Table 2 presents an impressionistic ranking of some organizations along the dimension of the degree of dependence of inferiors on superiors. To turn to the

Table 2. Impressionistic Ranking of Organizations by the Degree of Dependence of Inferiors on Superiors

Dependence of Inferiors	Organizations	Main Factor Making Inferiors Less Dependent than Those in Organizations Immediately Above on the List
High	1. Concentration camps in nazi Germany	Ideology of superiors more humane.
	2. American slavery, "humane custodial" prisons	
	3. South American slavery, feudal hereditary subjection	Vesting of interests, defended (sporadically) by king and church.
	4. Modern armies in garrison, capitalist plantations with wage labor	Certain restricted alternatives open, generally at specified re-enlistment or contract-renewal times.
	5. Armies in combat, intensive agriculture, factory labor	Much more open to "conscientious withdrawal of efficiency."
	6. Craft production, universities with respect to faculty	Vesting of interests more common and organizations more powerful, and even more opportunity for damage by "soldiering"
	7. Oligarchic unions and other oligarchic voluntary associations	More freedom to withdraw support without penalty
	8. Elected officials in democracies	More institutionalized dependence of superiors through election
	9. Elected officials in voluntary associations with many factions	Freedom to withdraw and institutionalized dependence of superiors
Low		

example under the "old regime" in East German rural areas (see especially Weber, 1924, pp. 444-507. A good summary in English is Bendix, 1960, pp. 13-41. See also Wunderlich, 1961, *passim*) the normal cottager received housing, garden space, and pasturage for an animal or two from his lord, who was also quite often the official local government; even if the lord was not endowed with strictly feudal powers, he and his fellow landlords dominated the courts, administration, and legislatures of the local areas. The cottager was quite completely dependent on his lord, since police power and power over his house and food were concentrated in the lord, and the cottager had relatively little chance to move if he offended him. It was quite a normal practice for cottagers to be "paid" for their work on the lord's land by giving them a share of the grain at threshing time, and the lord made "contributions" in time of need. To some degree, then, the cottagers shared in the lord's prosperity and suffered a bad season with him. It is common to call this combined situation of community of fate and greatly unequal power a "patriarchal" system, since it is very similar to that in patriarchal families.

Neither in the culture of hierarchical conservatism that was prevalent among the upper class,¹⁷ nor in the practical power situation, was there any substantial

limitation of the lord's authority to a defined sphere. All privileges of a cottager were "by the grace of his lord."

As the Prussian nobility started having to compete with the bourgeoisie and the cultured elite (who claimed fame and power by virtue of their *Bildung*) for power and prestige, they needed more returns from their enterprises. The unification of Germany and industrialization opened up new opportunities in the cities for migrants from rural areas. By the turn of the century, the patriarchal organizations were essentially bourgeois enterprises with patriarchal ideology. As an index of the capitalistic nature of these enterprises, by this time forced sales for debt of large properties were more common than for small, and the reasons for failure were those typical of commercial enterprises: weakness of capital structure and changes in the market. Forced sales of small properties were still those characteristic of subsistence agriculture: foreclosures of debts for consumption, deaths in the family, and the like (Weber, 1897, especially the table on p. 18).

The change in opportunities for the workers reduced their dependence on their lords. The lords meanwhile could no longer "afford" to share their prosperity, particularly that derived from capital improvements on the land, for they needed the returns to stay solvent and to maintain their position in Berlin. Wage labor was therefore substituted more and more for cottagers whose subsistence was guaranteed and who shared in the harvest. Both the dependence of the workers and the community of fate between themselves and their lord, the very bases of patriarchal authority, were eroded by these processes. With practical freedom to move and less to gain by staying, the German agricultural laborers left the land in great numbers, being more and more replaced by Polish and Russian seasonal wage labor.

With the institution of the Weimar Republic after World War I (for this period, see especially Wunderlich, 1961), the rights and duties enforced by the government changed as well. Collective bargaining and written contracts were imposed to erode dependency relations; workers were organized into socialist unions and given political and judicial rights; and ideological disagreement over the rights of landlords and the duties of workers became institutionalized.

In summary, then, over the course of a half-century or so, the organizational context in which the social classes met in eastern Germany changed from a patriarchal environment into one in which landed entrepreneurs who still believed in patriarchal rule confronted a relatively independent labor force represented by a socialist government. Class conflict had developed from whatever ambivalent feelings in the private opinions of subordinates might be inferred to the recognized and institutionalized method of deciding the distribution of returns.

CONCLUDING COMMENTS

The student or scholar confronting an underdeveloped field like that of the relations between organizations and social structure must make a fundamental choice about what kind of knowledge to seek immediately. There are three main alternative investments of resources: (a) to try to establish one proposition well, by studying or writing a monograph in which special data created for the purpose at hand are used to increase the credibility of that proposition greatly; (b) to make distinctions among phenomena in the area or to create (or learn) schemes of analysis which may be of use to others (or to oneself) in analyzing particular problems in the future, which enterprise is called "theory" at the present time in sociology; (c) to try to increase the credibility of a number of propositions in the area by the use of whatever information comes to hand, just enough so that it becomes clear that more resources ought to be invested in the study of these propositions. If a student chooses the last alternative, he commits himself to believing, using, and working on some propositions which will later turn out not to be true, if the institutions of scientific criticism work properly. Clearly, I have chosen the third alternative in this chapter. If the student is sufficiently dissatisfied to look for contrary evidence, my purpose will have been achieved.

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NOTES

1. Only a section on the "liability of newness" is included here from the original chapter.
2. The original third section on organizational aspects of revolutions is omitted here.
3. A final section of the original chapter, omitted here, argued that the more formal organizations a population had within it, the more communal and solitary it was likely to be.

4. As armies have come to rely more and more on rapid reorganization to adapt to technical change, they have developed routines for encouraging initiative, among other things by changing the shape of their stratification system (see Janowitz, 1959, pp. 36-42). For the reasons specified, revolutionary armies depend much more on initiative than older armies, a fact reflected in their administrative ideology.

5. The relation of the age of organizations to their social structure is one of several topics on which Robert Blauner and I have had extensive correspondence and discussion over several years. I can no longer sort out which ideas are his, which are mine, and which are my projections of what he would say if he considered some particular aspect of the problem. The responsibility of publishing these ideas before the difficulties are cleared up is, however, entirely mine.

6. Expenditure elasticities are low when a smaller proportion of higher incomes is spent on a commodity, high when higher incomes lead to increased proportional expenditures on the commodity (i.e., high for "luxuries," low for "necessities"). An elasticity of 1.00 would mean that the proportion spent on the commodity was the same for all ranges of income. Later industries were, of course, started when income was higher, so their current higher elasticities are probably an indication of preservation of organizational characteristics, in the sense that they are oriented to the same markets which had newly appeared when they were founded, while older industries are still oriented to markets that existed long ago.

7. It is unnecessary to say that the age of an industry is not the average age of firms in the industry. Very few construction firms are as old as almost any railroad firm, although rails are clearly a newer industry. Most retail firms showing a highly "traditional" organization are much younger than Sears, Roebuck, with a "modern" organization.

8. The fact that almost all fraternities founded between 1900 and 1920 were "anti-fraternity" fraternities of ethnic or nonsectarian groups, without exclusion clauses, is only slight support for the guess, if any, for these fraternities were reacting to previously established fraternity systems, not starting anew.

9. This part of the argument, however, has often been lost in the concentration on the role of religion in the recruitment of entrepreneurs. As Weber argued, entrepreneurship is both a matter of innovation and a matter of nontraditional authority, and a flow of innovations without nontraditional authority does not revolutionize a productive system. The definition of entrepreneurship purely as innovation probably accounts for the ignoring in the literature of Weber's more complete argument on why state churches and free professional magicians discourage the passing of authority to those not hallowed by tradition. An excellent study of the effect of a powerful priesthood on the development of one type of capitalist authority is Elkins (1959, pp. 52-80).

10. The reasons for inefficiency in systems of payment in kind are too complex to go into here, where the purpose is to illustrate the problem of passing resources to new organizations. Briefly, payment in kind tends to traditionalize and stereotype authority relations, to orient exchange to the normatively defined "needs" of the exchanging parties, and consequently to make the reward system within the organization less flexible.

11. Hutchinson (1956, p. 225) reports that Greeks are about 29 times as frequently proprietors of eating and drinking places as would be expected on the basis of their proportion in the population.

12. As a representative datum, Lipset and Bendix (1959, p. 21) report a 1947 study in the United States showing that about 83 percent of farmers are sons of farmers.

13. I have analyzed the impact of the structure of different parts of the labor market on those students in high school headed for those parts in Stinchcombe (1964).

14. If the term "vested interest" is to mean anything more than an interest in opposition to one's own values, then we need some definition of the term "vested." In the law, a "vested" interest is one judged legitimate by recognized legal procedure according to legal norms. Before a will is taken to court, the heirs have "interests" in the estate. When the decision on the validity of the will has been made, their "interests" become "vested," and they can start to "enjoy" (e.g., sell or lease, destroy, con-

sume) their interest. In organizations, interests would be "vested" analogically if they were recognized as legitimate according to the norms and values of the organization.

15. But also because authority relations within an organization create "human relations problems" if the subordinates have higher outside status than superordinates. Two excellent documentations are Whyte (1948) with women giving orders to men and Bidwell (1961) with uneducated officers and noncoms giving orders to professionals who were enlisted men. Such status discrepancies are more serious if the organization is a continuing one than if it is temporary. One of Udy's results (1961) is a demonstration that temporary organizations (in his terminology, those with "low specification") need not be closely related to the stratification system of the society, while continuing ones do.

16. For example, see André Siegfried's statement of the great effect of large, noble landed property on elections and the small effect of large, bourgeois property (1913, p. 304).

17. In such a situation it is very hard to tell what the culture of the subordinated population is. When there is a relatively high density of interaction among the peasantry in large agricultural towns, as in Spain, southern Italy, or Sicily, many periodic rebellions with a millennial anarchistic egalitarian ideology develop, quite often with strong traditionalistic elements around the edges. Events similar to the so-called church and king rebellion, in which a more or less mythical superior would have stopped exploitation before ("if he only knew"), are frequent features of such situation. Another alternative, for some reason, seems to be the rule of local villages by gangsters in the service of local rich men. These rebellions (or the wars of each against all) are not, of course, any more the "real" expression of the culture of the subordinates than the more usual situation of dull, apathetic fatalism. On the rebellions of Spain and southern Italy, see Hobsbawm (1959).

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