Building better bureaucracies

Paul S. Adler

Executive Overview

Colloquially speaking, bureaucracy means red tape, over-controlling bosses, and apathetic employees. But large-scale organizations need appropriately designed formalized procedures and hierarchical structure to avoid chaos and assure efficiency, quality, and timeliness. We currently lack theoretical or practical guidelines for building better bureaucracies that can support high levels of both performance and employee involvement. This article combines insights from organization theory and cognitive psychology research on technology to propose a set of organization design guidelines.

The Problem with Bureaucracy

Many executives are struggling to redesign their organizations to deal more effectively with an increasingly complex and demanding business environment. A common objective in these redesign efforts is to set free the creative energy of employees by attacking the bureaucratic features of the organization. As Jack Welch said in General Electric’s 1994 Annual Report:

We’ve been trumpeting the removal of bureaucracy and the layers at GE for several years now—and we did take out ‘sectors,’ ‘groups,’ and other superstructure—but much more remains. Unfortunately, it is still possible to find documents around GE businesses that look like something out of the National Archives, with five, 10, or even more signatures necessary before action can be taken. … Layers insulate. They slow things down. They garble. Leaders in highly layered organizations are like people who wear several sweaters outside on a freezing winter day. They remain warm and comfortable but are blissfully ignorant of the realities of their environment.

GE is but one example of a broad bureaucracy busting movement in US corporations. Fortune magazine ran a cover story a few years ago under the title “Bureaucracy busters: how they’re breaking the corporate chains.” The image on the cover shows CEO Paul Allaire “redesigning Xerox to beat the competition.” He holds a big paint brush in hand and is painting a huge X through the image of a multilevel, multifunction organization chart.

Evidence is accumulating, however, that this movement is at least in part misguided. In many cases, bureaucracy busting has proven to be counterproductive. One frequently heard recommendation—exemplified by Welch’s comments—is to reduce the number of management layers and the number of people staffing these layers. That may be necessary in some cases, but many firms have discovered that these layers of middle management are often the repository of precious skills and experience. Only after they have been cut by downsizing programs is their loss recognized—and sorely regretted.

Similarly, conventional wisdom often asserts that an effective redesign should dump the voluminous procedures manuals found in most organizations, since they amount to so much red tape. A recent article praised the leadership qualities of an executive who, on coming into a corporation as the new CEO, “trashed two fat books of policies and replaced them with just 11 important ones.” The executive said “Those rules, aimed at one percent of employees, handcuff the other 99 percent.” The article’s author concludes: “Get rid of the rules and [employees] can focus on keeping customers happy.” In some cases this assessment is surely valid. But in many others, these procedures embody a vast organizational memory of best practices. Having tossed out the manuals, many organizations discover that their employees are frustrated because now they have to improvise without even a common melody line let alone a complete score.
Many executives also believe that a key goal of organizational redesign should be to eliminate bloated corporate staffs, thus reducing overhead costs and freeing line groups from the staffs’ arrogant control. Some staff groups probably do fit this caricature. But staffs too can be repositories of valuable expertise, and they can serve as an effective channel for diffusing lessons learned in one part of the organization to others. Left to their own devices, the line groups often regret the loss of support that staffs operating in partnership mode can provide.

Yes, in a more dynamic and more complex business environment, we need organizational designs that do more to empower everyone. And yes, in some organizations, empowerment may involve attacking bureaucracy by reducing the number or size of hierarchical layers, the level of detail in prescribed procedures and standards, and the size of staff groups. But empowerment should not be confused with abandonment.

Reducing the number of layers, procedures, and staff may be necessary in some cases, but most managers recognize at the same time that large-scale, complex organizations need some hierarchical structure, some formalized procedures, and some staff expertise. These are essential tools to avoid chaos and to ensure that employees are not continually reinventing the wheel. They are essential for assuring efficiency, conformance quality, and timeliness. That was the thesis advanced by Max Weber when he originally identified bureaucracy as the most rational form of administration, and it remains valid today.2

Indeed, alongside the bureaucracy busting ethos, we find a second discourse tugging in the opposite direction. This discourse urges managers to instill greater coherence and discipline in their organizations. Processes should be documented, rationalized, and standardized—rewriting rather than eliminating procedures and standards manuals—and the functioning differentiated layers and subunits should be more carefully orchestrated—integrating rather than eliminating hierarchical layers and specialized staffs. It thus celebrates TQM not only in manufacturing but also in services and healthcare. It encourages pursuit of the Baldrige award, ISO 9000 registration, and certification at higher levels of the Software Engineering Institute’s Capability Maturity Model.

The result of these contradictory imperatives is ambivalence. We need bureaucracy for the discipline it affords, but we don’t want it because it brings a host of negative consequences. The conventional response to this ambivalence is to counsel balance: Use only the minimum degree of bureaucracy required. But this counsel is of little assistance when managers are being offered such radically contradictory advice by the bureaucracy busters and the discipline builders. To break the impasse expressed in this ambivalence, we need to find a way to supercede rather than simply arbitrate the underlying contradiction in our organizational theories. We therefore need a fundamental reconceptualization of the role of bureaucracy in organizational design.

My research suggests that the negative consequences of bureaucracy—rigidity, alienation, and low commitment—may be widespread, but they are not inherent in bureaucracy. They are the result of poor choices in the specific form given to bureaucracy in too many organizations.

Distinguishing Technical and Social Structures

The first dimension of organizational design choice is well-known and codified as part of established theory.4 If they are well-designed, organizations whose main tasks are routine and whose primary goal is therefore efficiency should have relatively high levels of bureaucracy—that is, substantial procedures and standards manuals, hierarchies, and staffs. And organizations performing mainly nonroutine tasks whose primary goal is innovation should be relatively less bureaucratic. For a given degree of task routineness, there is an optimum degree of bureaucratization. Below that optimal level, further bureaucratization is beneficial; above it, further bureaucratization would be counterproductive.

But established organizational theory leaves us with two, symmetrical dilemmas. First, most organizations whose primary task is innovation—for example, R&D units, consulting and other professional service firms—are under great pressure to improve simultaneously their innovation and their efficiency, timeliness and conformance quality. But the conventional view tells us that the organization must make a choice: If it needs creative people who are motivated to meet the innovation challenge, it must forgo the bureaucratic features of organization that could ensure efficiency and
timeliness. More bureaucracy, we are told, means less motivating work characteristics and thus less innovation.

Second, and conversely, many organizations whose primary tasks are essentially repetitive—such as mass production assembly, clerical processing, and routine service operations—are under great pressure to find ways to mobilize their employees to contribute to the continuous improvement of cost, quality and timeliness. The conventional view tells us that here too the organization must make a choice: Efficiency in the performance of highly repetitive tasks requires a bureaucratic organizational form, but with it will come high levels of employee alienation, which make impossible the high levels of employee involvement required to support such continuous improvement efforts. The conventional view suggests that in order to mitigate bureaucracy’s downsides—unmotivating job characteristics and work organization—the organization should recruit people with low expectations of work; but such employees can hardly be expected to provide the high levels of involvement required in today’s competitive environment.5

There are some dissenting voices to this conventional wisdom. Some social psychologists, for example, have shown that the increased formalization of work roles tends to clarify job requirements and this tends to increase satisfaction and commitment.6 And some organizational sociologists have argued that the absence of bureaucratic rationality is more often a license for abuses of power than an opportunity for empowerment.7 But these ideas have not been integrated into our thinking on organization design, with the result that organizational design is condemned to arbitrating a dismal compromise between controlling chaos and undermining motivation.

The dominant theoretical model is helpful in understanding one dimension of organizational design, but it ignores a second. While the higher or lower degree of bureaucractization—the focus of traditional theory—characterizes the technical structure of the organization, we also need to characterize its social structure by distinguishing enabiling and coercive social structures.8

The essential idea is that bureaucratic hierarchies, procedures, and staffs can function in two very different ways with very different effects on the organization and the people working in it:

- The first type of bureaucracy is the more familiar one: It serves the purposes of coercion and compliance. The role of the authority hierarchy, procedures manuals, and staffs is to assure that potentially recalcitrant, incompetent, or irresponsible employees do the right thing. If bureaucracy always served this purpose, then indeed efficiency would inevitably trade off against creativity and motivation.
- The second type of bureaucracy serves the purpose of enablement. Bureaucratic structures and systems function to support the work of the doors rather than to bolster the authority of the higher-ups. The hierarchy is one of expertise rather than positional power and the different levels in that hierarchy collaborate. The procedures are designed with the participation of the users in order to identify best practices and to identify opportunities for improvement. And staffs function as partners with line groups. When bureaucracy takes this form rather than the more traditional, coercive form, even a highly bureaucratic structure will be experienced by employees as a tool with which they can better perform their tasks, rather than a weapon used by their superiors against them.

Moreover, even in very unbureaucratic organizations, social structures can be coercive or enabling. The organic form of organization is justifiably celebrated for its enabling effects in R&D organizations and in small companies where tasks are mainly nonroutine. But it has an ugly twin in the stifling, oppressive atmosphere found in some smaller, autocratic workshops, offices, and stores.

I should note that adopting an enabling structure does not imply that management abdicates its leadership responsibilities. Enabling organizations sometimes need strong, directive leadership. But in an enabling organization, this leadership is ultimately accountable to the front-line “doers” for its decisions. Here, power is endorsed from below rather than authorized from above.9

Instead of the traditional contrast of low versus high degrees of bureaucracy, this view gives us two dimensions of organizational design represented in Figure 1.

Conventional organization theory sees only the top-left (quadrant 1) to bottom-right (4) diagonal of this matrix and has presented it in many different forms: organic versus mechanistic, Theory Y versus Theory X, commitment versus control, high-involvement versus production-line, and innovative versus bureaucratic. This truncated view of organization design alternatives misses the other two possibilities discussed above: Organizations with low levels of bureaucracy that are autocratic (2), and highly bureaucratic organizations that are experienced as truly empowering (3). It is this truncated view that creates the contradiction I dis-
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venture between Toyota and GM that operates under
the day-to-day control of Toyota. As implemented at
NUMMI, Toyota's standardized work process

The performance gains to ISO 9000
certification are far greater in firms
where workers are active participants in
developing the documented procedures,
and where they are encouraged to
recommend changes to those procedures
when they see a better way of doing
things.

brings workers and supervisors together to define
cooperatively and to document in great detail the
most effective work methods. Instead of methods
ingineers covertly timing workers or defining
methods using data from handbooks, workers time
themselves and conduct their own analysis of the
real work process. Strong incentives—symbolic
more than material ones—encourage workers to
identify and propose improvements in methods.
Deviations from the detailed, prescribed methods
signal either the need for further worker training or
the need to revise inadequate methods. In this
case, the TQM dictum that you can't improve a
process that hasn't been standardized becomes a
philosophy of collaborative learning, stimulating
continuous improvement in efficiency and quality
that have already reached world-class levels.

The future of nonroutine work

A second key advantage of the expanded typology
I have proposed is that it helps respond to the
challenge of designing organizations whose pri-
mary tasks are nonroutine innovation, but which
are simultaneously under pressure to improve ef-
iciency and timeliness.

The conventional view of organization design
leads to an impasse in the design of nonroutine
work under such combined pressures. Most profes-
sional, knowledge-work jobs involve a mix of rou-
tine and nonroutine tasks. The conventional orga-
nization design theory suggests that such mixed
situations create an oil-and-water organization de-
sign dilemma. The routine parts cannot be man-
gaged in a mechanistic, coercive, and bureaucratic
way at the same time and for the same employees
as the nonroutine parts are managed in an organic
and empowering way.

Take the example of engineering work in prod-
uct development. Under pressure to maintain some
discipline in this process, many organizations
have engineering procedures manuals that define
in detail the specific sequence of steps to be fol-
lowed. These procedures specify a set of docu-
ments that have to be submitted before work can
proceed to the next phase, and instruct the em-
ployee to ask for the superior's approval for skip-
ning steps unnecessary for the specific project at
hand. The assumption is that the manual pre-
scribes, the employee implements, and only the
supervisor can authorize a deviation. When orga-
nizations operate under such procedures, the re-

results are rarely impressive in their creativity. Not
surprisingly, managers and engineers under pres-
sure to come up with innovative solutions often
collude in ignoring the formal procedures. It is thus
common in engineering organizations to hear peo-
ple say, "Thank goodness no one pays any atten-
tion to the procedures—otherwise nothing would
get done!"

By contrast, if we adopt the expanded view, it
becomes obvious that both routine and nonroutine
tasks can be managed in an enabling way: It is per-
fectly possible to combine enabling standard-
ization of routine tasks with enabling autonomy in
nonroutine tasks. The innovation goals of the or-
ganization are supported by its enabling-organic
features while its efficiency and control require-
ments are supported by the collaborative, shared
control afforded by its enabling-bureaucratic fea-
tures.

In another company I've studied, the product de-
velopment procedure manual provides copies not
only of the blank forms for required documents but
also the best example to date from the organiza-
tion's prior projects. As a result, the manual has
become a working tool, a resource that is open
permanently on the engineer's desk, rather than a
set of hurdles that are covertly circumvented.
There is now a friendly rivalry among design
teams, each vying for the honor of getting their
team's documents into the next revision of the
manual as best-to-date templates.

Other examples can be found. At Toshiba's Fu-
chuu Works software development organization, de-
velopment methodologies are extensively formal-
ized and standardized, and projects are tracked
daily for performance with respect to targets of
cost, output, and software reuse ratios. Software
development has been turned into a factory-like
process—without alienating the software develop-
ers. This is not a uniquely Japanese phenomenon:
Several of the most successful U.S. electronics
firms make extensive use of highly systematic pro-
cedures and detailed formalized disciplines in
their strategic management process and product
development process. Texas Instruments derived great benefit for many years from its very rigorously formalized OST (Objectives-Strategies-Tactics) planning process. OST enabled managers at lower levels of the firm to balance shorter- and longer-term objectives, and to articulate, share, and contribute to their visions of the future. In the early 1980s, the OST procedures took a coercive turn and as a result became alienating and counter-productive. In the words of one TI executive, "We made them bureaucratic. We used the systems as a control tool rather than a facilitating tool." That there is nothing inevitable about such a turn is shown by other firms such as Motorola that have used equally bureaucratic mechanisms to provide a common direction and to capture best practices in ways that supported high levels of commitment and innovation.

If the expanded view of organization design I have proposed is valid, then there are many opportunities for organizations to greatly improve their efficiency, timeliness, and conformance quality without impairing—and indeed perhaps increasing—their innovativeness and creativity. The Software Engineering Institute’s Capability Maturity Model (CMM) provides a vehicle for exploiting these opportunities in the software domain. SEI has found that over 85 percent of software development projects are managed in an entirely ad hoc manner. SEI has articulated four alternatives to the ad hoc model, each successively more disciplined. At the "repeatable" level, the management of individual projects displays discipline in project planning and control. At the "defined" level, a standard development process is defined for all projects. At the "managed" level, the organization tracks and analyzes the flow of projects through this defined process. And at the "optimizing" level, there is a defined process for preventing defects and for changing the development process itself.

Not surprisingly, many managers and software developers—under the influence of the conventional theory of organization design—doubt the wisdom of moving up the CMM discipline levels. Many express concern that the higher CMM levels will create software factories that are as regimented and alienating as many industrial factories. In reality, however, all five SEI CMM levels—just like real factories—come in both coercive and enabling forms. The enabling form provides exciting improvement opportunities.

Motorola’s Indian subsidiary, Motorola India Electronics Ltd., or MIEL, provides a compelling example. Founded in 1991, it achieved CMM Level 5 in 1993—one of only two such organizations in the world. The resulting quality levels were superlative. By 1997, MIEL was close to Motorola’s target of six-sigma quality, which means about three defects per million lines of program code, a level of quality almost unheard of in the world of software engineering.

Further Clarifying the Framework
To clarify and make more operational this enabling-coercive distinction, we can use recent cognitive psychology research on technology, notably, but not exclusively, on the design of computer systems and interfaces. The components of the technical structure of the organization—procedures, standards, structural configurations—are organizational technologies. They meet the key defining criteria of technologies: They objectify know-how and exist independently of the particular user. The distinction I propose to make between enabling and coercive designs of organizational systems parallels the distinction between equipment designed for usability and to enhance users’ capabilities, and equipment designed to foolproof the process and to minimize reliance on users’ skills.

The foolproofing approach has traditionally dominated engineering practice and theory. In this approach, performance improvement comes through direct labor reduction, whereas in the usability approach performance improvement is achieved through a mix of direct labor reduction, and quality and timeliness increases. In the former approach, labor is a risk factor and the designer’s goal is to get the operator out of the control loop, while in the latter approach, equipment is assumed to have its own limitations and risks and designers plan on employee intervention to correct machine errors. So instead of machines monitoring users, the usability approach has users monitoring machines. Where the traditional approach assumed that only engineers could effect process improvements and therefore centralized the control of process settings, the usability approach sees process control as being better assured by a short feedback/adjustment loop, which requires decision making, knowledge and information at the lowest possible levels of the organization.

If bureaucracy as an organizational technology is going to be truly enabling, it needs to be designed for usability. This metaphor suggests several distinctive characteristics of enabling bureaucracies. First, we know some things about the design processes that lead to greater equipment usability:
Active user involvement in equipment design process helps ensure users' psychological buy-in. Correspondingly, in the design of enabling organizational systems, the doers are involved in the design process.

User participation also helps identify usability issues that may not be visible to the engineering experts, particularly if the users involved in the design effort are given the appropriate resources, training, and encouragement. Similarly, to ensure the enabling quality of organizational systems, the doers are given the opportunity and resources to participate in their design working with managers and staff specialists.

A focus on usability issues has to be built into the equipment design process, by setting usability goals up front and by testing successive prototypes and final designs in appropriating realistic settings. Similarly, teams designing new organizational systems should establish appropriate enablement goals and test their proposed system designs in the user organization to ensure that these goals have been met. The team should usually plan on testing one or more prototypes before the new system is released for general use.

Equipment usability is not attained once and for all, and so the organization should plan to tap users' ideas on how to improve the equipment as these ideas emerge over extended periods of use. Correspondingly, organizational systems should be refined in a structured process of continuous improvement through ongoing input from the doers.

These ideas on the design process are not foreign to organizational design thinking, where they appear under the general heading of participation. Well-managed participation can improve not only the organization's fabric of informal relations but also the quality of the resulting technical solutions. Motorola's MIEL group, for example, derived great benefit from its enabling approach to the development of its software process. While a team of Motorola's North American software engineers drafted a set of development procedures for the new organization, MIEL's first recruits were first given three months of intensive training on various aspects of software engineering and quality management, and were then given this draft and told, "OK, now this is what we think it. Why don't you collectively pull it apart, make it yours, and put it back together again."22

Table 1 summarizes some of the contrasts between coercive and enabling approaches to the management of the process by which organizational systems are designed.

The parallel between organizational systems and equipment affords perhaps even greater opportunity for novel insights when we translate into organizational design what we know about the features of more usable equipment designs:

- Usable equipment designs help users form a mental model of their internal workings so users can deal more effectively with unanticipated tasks and breakdowns. They afford users glass box visibility into the internal structure of the equipment, without burdening the user with information that is unnecessary for the task at hand.23 The organizational analog to this feature is that enabling organizational systems make intelligible the overall structure

<table>
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<tr>
<th>Coercive</th>
<th>Enabling</th>
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<tbody>
<tr>
<td>Organizational systems should be designed by experts to avoid politics.</td>
<td>Involve employees in organizational systems to encourage buy-in.</td>
</tr>
<tr>
<td>Organizational systems should be designed by experts because they know best.</td>
<td>Involve employees in designing organizational systems to ensure that they support the real work tasks.</td>
</tr>
<tr>
<td>Broad participation in design is too expensive.</td>
<td>Poor design is too expensive: Broaden participation by investing resources, providing training, and eliminating disincentives.</td>
</tr>
<tr>
<td>The design team's goals should focus on technical features; enablement is a matter of implementation.</td>
<td>The design team's enablement goals should be planned for.</td>
</tr>
<tr>
<td>Clear up-front goals should enable experts to deliver a clean final system design.</td>
<td>Test successive prototypes of the new organizational system with employees.</td>
</tr>
<tr>
<td>A well-designed system should need no revisions after implementation.</td>
<td>The system design should encourage improvement suggestions by members at every level.</td>
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of the system and the rationale behind its design.

- Highly usable equipment such as advanced computer interfaces doesn't just tell people what they need to do; it also explains how they can best do it and makes that explanation intuitively meaningful. Similarly, an enabling organization's policies and procedures manual looks like a well-designed users' manual that invites rather than repels users by offering them ideas on how to do their jobs more effectively.

- Too often equipment is too rigid and contingencies force users to resort to covert and risky workarounds. The usability of equipment depends on whether it allows users to deal with the contingencies that inevitably arise in the real world of work. Similarly, enabling organizational systems help employees deal flexibly with unforeseen contingencies rather than imposing artificially rigid constraints. Moreover, enabling systems help enrich the organization's capabilities by identifying these adaptations so as to reveal opportunities for improvement.

One example of these principles at work is NUMMI's suggestion system. Many U.S. companies have suggestion systems, but in most cases what the employees see is simply a form on which they are supposed to describe their suggestion and a box in which to put it. If they are lucky, they might hear some months later that their suggestion has been accepted and they might get a reward. By contrast, the suggestion form at NUMMI makes very explicit the criteria by which the suggestion is going to be evaluated and encourages workers to evaluate their suggestions themselves using these criteria. Engineering assistance is available to workers for that purpose. The review process too is explained, so if the review feedback is tardy, the worker knows where in the system it is being held up. But in most cases the review is rapid—turnaround times are tracked and posted. Moreover, reviews are almost a formality since the worker has been encouraged to try out and thoroughly evaluate the suggestion before submitting it. As one former GM worker described it:

In the old system, if you tried to make a suggestion, it was just a brick wall. Now the system is really a support system, instead of an authority system. You make a suggestion and the next day the engineer is down there working with you on how to implement it.

There are financial rewards for suggestions at NUMMI, but they are very modest. Whereas eight percent of U.S. employees make any suggestions in the course of a year and on average only 25 percent of these are adopted, 85 percent of NUMMI workers make at least one suggestion annually—on average NUMMI workers make around six per year—and over 90 percent of them are ultimately adopted.24

Motorola's MIEL group provides another powerful example. One of the program managers described MIEL's software development procedures in these terms:

Another thing I like about Motorola is its process orientation. As an engineer, you sometimes feel that that's not right, that it's forcing you to do certain things in a certain way; but once you get into it, you get more mature about that and get to know what it is. It's not forcing really, it's helping you in difficult times. Really, the process helps in difficult times rather than easy times. When everything is fine, you don't need a process, but when you have trouble, the process really helps.25

Unfortunately, it is still too common to find formal procedures that get in the way rather than help.

Table 2 summarizes some of the salient contrasts between coercive and enabling features of organizational systems.

Finally, we know quite a lot about the organizational context required for the effective implementation of equipment, which depends not only on the features of the equipment itself, but also the readiness of the organization in terms of employee skills, procedures, organizational structures, strategy and policies, and culture.26 Both the rollout of new equipment and the more enduring features of the host organization matter.

Rollout of new organizational systems, like that of new equipment, needs to reflect its enabling intent. Training in particular needs close attention. The traditional foolproofing approach assumes that training for the new systems happens primarily in up-front classroom instruction. The usability approach, on the other hand, is based on a more realistic theory of working knowledge and a more contextual theory of learning.27 It therefore sees the primary goal of training as helping users incorporate and leverage the new system in their daily practice. Supervisors need to be the primary trainers.

The nature of the host organization is critical because even if equipment is designed to support
Table 2
Coercive Versus Enabling Features of Structure

<table>
<thead>
<tr>
<th>Coercive</th>
<th>Enabling</th>
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<tbody>
<tr>
<td>• Systems focus on performance standards so as to highlight poor performance.</td>
<td>• Focus on best practice methods: information on performance standards is not much use without information on best practices for achieving them.</td>
</tr>
<tr>
<td>• Standardize the systems to minimize gameplaying and monitoring costs.</td>
<td>• Systems should allow customization to different levels of skill/experience and should guide flexible improvisation.</td>
</tr>
<tr>
<td>• Systems should be designed so as to keep employees out of the control loop.</td>
<td>• Systems should help people control their own work: Help them form mental models of the system by glass box design.</td>
</tr>
<tr>
<td>• Systems are instructions to be followed, not challenged.</td>
<td>• Systems are best practice templates to be improved.</td>
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usability, it can easily be used by a command-and-control type manager to support a foolproofing ethos. Organizational systems are no different. The design team may have functioned in the optimal manner and incorporated all the desired enabling features into their proposed system, but it is the character of the host organization that will ultimately determine if the system will be used as a tool or a weapon. Motorola’s MIEL group put into place a strong learning culture to ensure against such slippage—but it was not easy. One manager recounted his experience with the implementation of one part of the new procedure, review meetings:

I remember my first review meeting. There was literally a fight because the project team could not accept the comments given by others. It required a certain degree of openness to accept the different views of your colleagues, many of them junior to you. But we have come a long way from that today.28

The quality manager, Sarala Ravishankar, explained:

We have had several failures. In fact I think that failure is good for the organization because that’s the best and fastest way of communicating learning to the organization. If we fail in one project, we look at what the reasons are that really caused that failure. And we have a system in place that analyzes those failures and spreads the learning across the organization.29

Table 3 summarizes some of the key contrasts between contexts suited to coercion and to enablement.

Table 3
Coercive Versus Enabling Implementation Contexts

<table>
<thead>
<tr>
<th></th>
<th>Coercive</th>
<th>Enabling</th>
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<tbody>
<tr>
<td>Skills</td>
<td>• operational know-how</td>
<td>• problem-solving know-why</td>
</tr>
<tr>
<td></td>
<td>• narrow, specialized</td>
<td>• both broad and deep</td>
</tr>
<tr>
<td></td>
<td>• training as expense to be minimized</td>
<td>• training as investment to be optimized</td>
</tr>
<tr>
<td>Procedures</td>
<td>• coercive constraints</td>
<td>• enabling disciplines</td>
</tr>
<tr>
<td></td>
<td>• provide top-down visibility for supervisors</td>
<td>• provide intelligibility for the top down, for the bottom up, and for everyone laterally</td>
</tr>
<tr>
<td>Structure</td>
<td>• fields</td>
<td>• mutually supportive specializations</td>
</tr>
<tr>
<td></td>
<td>• positional authority</td>
<td>• hierarchy of expertise</td>
</tr>
<tr>
<td></td>
<td>• top-down control</td>
<td>• shared control</td>
</tr>
<tr>
<td>Strategy</td>
<td>• identifies desired results</td>
<td>• ... and required capabilities</td>
</tr>
<tr>
<td></td>
<td>• focuses at business level</td>
<td>• ... and functional levels</td>
</tr>
<tr>
<td></td>
<td>• autocratic formulation process</td>
<td>• participative formulation process</td>
</tr>
<tr>
<td>Culture</td>
<td>• command and control</td>
<td>• collaborative control and learning</td>
</tr>
<tr>
<td></td>
<td>• mistakes are costly</td>
<td>• mistakes are learning opportunities</td>
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bureaucracy is a function of the degree of routine-
ness of the key tasks of the organization. It is worth
noting, however, that even firms facing ostensibly
identical tasks assess these tasks’ routineness
very differently. Take auto assembly for example.
The U.S. Big Three companies traditionally inter-
preted auto assembly line jobs as being so routine
that a couple of hours should suffice to train a new
worker. By contrast, Toyota derives considerable
performance benefits by basing its job design on
the assumption that there are important uncertain-
ties in the assembly process, uncertainties that
motivate more training, employee involvement,
and innovation.

What about the second dimension: Is the en-
abling social structure always preferable to the
coercive? Perhaps not. It is often argued that an
enabling approach is less effective in highly com-
petitive mass-production industries where cost is
paramount. The enabling approach certainly re-
quires more extensive and costly upfront training
and socialization of both employees and manag-
ers.

However, these expenditures should more logi-
cally been seen as investments—ones that we
have good reason to believe typically show high
returns even in cases like auto assembly where
tasks are very repetitive and strategy is cost-
based. And even in the context of machine-depen-
dent processes such as semiconductor fabrication
lines—where most innovation is engineering-led—
there are considerable performance advantages to
a high-involvement form of organization with ex-
tensive operator participation.

Prospects
If there is so little reason for firms to adopt a
coercive form, why is that form so common?

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adopt a coercive form, why is that form
so common?

Surveys have shown that while enabling-related
programs like job enrichment, teams, and quality
circles have become more common in recent years,
they are still found in only a minority of firms, and
within those firms these programs are as yet
applied to only a minority of employees. Several
factors seem to impede the diffusion of the en-
abling form—although many of them seem to be
weakening over time.

First, not all firms are able to make the theoret-
ically rational investment in enablement. Firms
and business units are often under budget con-
straints. Capital markets are far from perfect, and
enabling structures are just one of many worth-
while investments that are sometimes sacrificed in
the name of short-term financial performance.
Moreover, there may be labor market circum-
cstances that make it difficult to recruit employees
willing to work under the enabling approach. And
recruiting managers willing to adopt an enabling
orientation may also prove difficult: A shift from
the coercive approach to the enabling one re-
quires managers to give up unilateral control and
the material and psychological rewards that go
with it.

Second, many firms have other sources of prof-
ability besides their organizational effective-
ness. When firms occupy a comfortable niche
protected by barriers to entry or when they have
special access to low-cost labor or raw materials,
there is little competitive pressure forcing them
to seek out the most effective organization de-
signs. Even if this special access is just a hope
rather than a reality, many firms decide to pur-
sue a race to the bottom—treating employees
and organizations as increasingly disposable
assets—rather than confront the challenges of
enablement. The forces of global competition,
new technologies, and deregulation simulta-
neously encourage and discourage this race-to-
the-bottom strategy.

Third, a number of features of the U.S. legal,
regulatory, and social environment make en-
ablement more expensive than it should be. A
modicum of employment security, for example, is
probably an important precondition of enable-
ment. This security would help motivate workers
to invest in acquiring skills specific to their firms
or to make suggestions to enhance productivity.
But as long as other firms don’t offer employment
security and as long as the legal and regulatory
context doesn’t actively support it, firms that do
offer it suffer extra costs. Security, therefore, is
less common than it should be. Notwithstanding
this disincentive, we do see firms adopting the
enabling structure—and reaping handsome
rewards for their efforts in the form of greater
employee commitment and loyalty and resulting
improvements in performance.

Finally, the diffusion of the enabling approach
is hindered by entrenched models of manage-
ment. The prevailing models are inherited from a
historical period in which the interests of work-
ers and managers were often brutally antagonsis-
tic. One long-standing model of management
thus assumes that workers’ and managers’ inter-

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ests are essentially contradictory. The most common alternative view is that this conflict is the result of a mere misunderstanding. Both views are overly simplistic. As society has evolved, employees and managers alike have become increasingly aware that alongside zones of really conflicting interests there are substantial zones of mutual gains. A large-scale shift in the level of both personal and institutional sophistication is required to learn how to exploit these mutual gains opportunities in the presence of simultaneous conflict in other zones. The firms and the countries that can advance faster along this social learning path stand to gain real performance benefits.34

Endnotes

1 Fortune, June 17, 1991.
10 Precursors to the idea of an enabling form of bureaucracy can be found in Alvin Gouldner’s “representative bureaucracy” pattern (Gouldner, A. W. 1954. Patterns of industrial bureaucracy. New York: Free Press), and in Peter Blau’s concept of “adjustive development” (Blau, P. M. 1955. The dynamics of bureaucracy. Chicago: University of Chicago Press.) They can also be found in Weber’s original work, where his analysis can easily be transposed into more contemporary terms:

“The natural economies of the ancient world, the Egyptian officials were slaves of the Pharaoh, if not legally, then in fact. The Roman latifundia owners preferred to commission slaves with the direct management of money matters, because of the possibility of subjecting them to torture. In China, similar results have been sought by the prodigious use of the bamboo as a disciplinary measure. The chances, however, for such a direct means of coercion to function with steadiness are extremely unfavorable. According to experience, the relative optimum for the success and maintenance of a rigorous mechanization of the bureaucratic apparatus is offered by an assured salary connected with the opportunity of a career that is not dependent upon mere accident and arbitrariness. Taut discipline and control which at the same time have consideration for the official’s sense of honor, and the development of prestige sentiments of the status group as well as the possibility of public criticism also work in the same direction. With all this, the bureaucratic apparatus functions more assuredly than does legal enslavement of functionaries.” (Weber, M. 1978. Economy and society. Berkeley, CA: University of California Press. v. 2, p. 967–8.)

22 MIEL manager quoted in Dutta & Van Wassenhove, op. cit., p. 4.
28 Quoted in Dutta & Van Wassenhove, op. cit., p. 9.
29 Both quoted in ibid., p. 10.
30 For example, Lawler, op. cit.
32 See Lawler, III, E., Mohrman, S. A. and Ledford, Jr., G. E.


Future research might profitably explore the dynamics underlying the diffusion of the enabling approach. Such research could take inspiration from prior research in the institutionalization and social networks traditions on the diffusion of managerial and technical innovations.

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Executive Commentaries

Roger Klene
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It’s fair to imagine that very few business-minded baby boomers have ever had it suggested to them that bureaucracy, like cholesterol, might be capable of either good or evil. In the college dictionary I still routinely use, the highlighted definition of bureaucracy is: “An administrative system in which the need to follow complex procedures impedes effective action.” Clearly, a lot of us have been conditioned to believe that bureaucracy is the aftermath of a grand experiment in organizational evolution gone terribly wrong, and something our generation is destined to search and destroy, lest it destroy us first.

With that frame of mind, the mere title chosen by Adler for his article could elicit boos and hisses from the audience. But while we may take solace from headlines touting the reduction of bureaucracy at Fortune 100 companies around the world, we should recognize that we are well on our way to establishing ourselves as a generation of net bureaucratic creators. Statistics would bear out that entrepreneurship is at an all-time high around the world, and it would be hard to imagine that most of those burgeoning efforts won’t face an increasing need for more rules and procedures over time. So long as the need for organizational controls remains, and to the degree that we follow the same logical path as previous generations to establish those controls, it seems likely then that we will contribute more bureaucracy than we eliminate.

Adler suggests that a starting point for this effort is to deemphasize the technical structure of the organization by giving equal weight to its social profile. By doing so, he suggests that it may be easier to imagine and then implement bureaucracy that is enabling rather than coercive. This seems reasonable, especially when we review some of the bold attempts by mature organizations to reduce bureaucracy. We invariably see that the reduction of bureaucracy is inexorably linked to equal efforts to alter the organization’s culture.

This suggests that a lot of bureaucracy is situational, and I’d like to see Adler address this issue more. As president of a smaller company determined to be a bigger company, I am routinely signing off on the creation of bureaucratic initiatives. Of course we don’t refer to the controls we are establishing by using the B word. Instead, we discuss the need for greater discipline to be able to manage technology. We cite the need for increased internal sophistication required to empower workers. But however we mask it, those of us in the growing-bigger business, as opposed to the downsizing-rightsizing-resizing business, continue to whistle away as we create controls necessary to steer our organization’s growth. And were I to muster the courage to openly recognize that what I am creating is bureaucracy, I would certainly defend it as enabling bureaucracy. In fact, I suspect that every single bureaucratic initiative anyone ever introduced was, at the moment of conception, viewed by the originator as enabling.

For the current generation of organizational leaders and managers then, the end game should not be to keep the stuff that is bureaucracy from being created. All that we know tells us that at the moment of conception, bureaucracy is well planned and well intended. Rather, the challenge is to find ways to constantly refresh the components of bureaucracy so that it remains the healthy
(enabling if you prefer) kind rather than the destructive kind. This is especially important today because of the impact that information technology is beginning to have on the pace of change throughout every aspect of our businesses. Unfortunately, the elements that make up bureaucracy lend themselves to stagnation, and to becoming that part of the infrastructure of an organization that is nurtured (by bureaucrat, I guess) to survive over time. In addition, we know that we leaders and managers rarely enjoy going back and fixing things that on the surface don’t appear to be broken. We are where we are because we like creating, not recreating.

That being said though, perhaps the focus of our attention should not be bureaucracy per se, but rather the lack of situational triggering mechanisms that cause us to revisit bureaucracy previously installed. Can we, for instance, imagine ways to provide mechanisms that force self-adjustment onto bureaucratic systems so that they are constantly realigned with the new environment they are intended to enable? Or are bureaucracies truly like HAL the computer in 2001: A Space Odyssey, and prefer that we not mess with their power source?

Clearly, bureaucracies are a part of what all of us in organizational settings must contend with, and to that end, we may as well follow the prescription suggested by the title of Adler’s article and build them better. My concluding premise, though, is that it is not the original design of the bureaucracy that makes it better or worse, but rather its ability to self evolve with changes to its natural habitat.

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Michael Howe
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Paul Adler’s primary assertions may be partially confirmed by my experience learned while working with managers to improve their human re-source management practices. Adler distinguishes between enabling and coercive structures as an approach for building better bureaucracies—ones that may support both high levels of employee performance and involvement. He asks why firms continue to adopt coercive structures when they may gain considerable performance advantages by introducing high-involvement forms of organization.

We may appreciate the immense challenge this question raises if we look more closely at the day-to-day work of typical managers and examine how organizations often support their interests when they attempt to introduce enabling social structures within the firm. Each day managers must balance the demands for on-plan performance, budget management, and organizational effectiveness on the one hand, with the need to improve the adaptability, speed, and responsiveness of work processes on the other. They often receive inconsistent and sometimes confusing messages from other parts of the firm that they must unravel and interpret before they act. Very seldom have I heard managers say that they have adequate technology, information, or talent to meet their operational expectations.

Adler asks what lessons I’ve learned about how to ensure that organizational systems are experienced as enabling by the people doing the work. Based on my experiences while working with managers to improve their human resource management practices, I offer the following suggestions:

1. Create a set of organization values that reflect the firm’s collective expectations of managers and employees. This statement should provide the context for social systems development that will support enablement.

2. Measure everything you can and give this information to the people doing the work. As simple as this seems, providing feedback increases the likelihood that people will ask questions about their work, become inquisitive about improvements, and learn about and contribute to the business.

3. Hold managers accountable for both what they produce and how they produce it. Most organizations hold managers accountable for results. Some also hold them accountable for the way in which they obtain their results.

4. If organizations want union employees to participate in efforts to improve the work process, then labor-management cooperation will be a necessary ingredient to sustainable change. Employee security, economic and governance issues will need to be surfaced and adequately addressed.
5. The human resources department needs to become a business partner. Enabling social systems are more prevalent in organizations where HR has stepped up to the plate.

Adler suggests that adverse consequences of bureaucracy are not inherent in the bureaucratic process itself, but rather are due to the decisions managers make when they choose alternative forms of bureaucracy. I agree. As we increase our understanding of the conditions under which organizations use enabling structures, we may then introduce administrative improvements with greater precision and reliability.

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Paul Adler's article addresses some emotionally charged issues of importance to everyone who works in an organization and who has been frustrated at one time or another by the system. One of the key points of the article is to propose that rather than thinking about organizations along a spectrum of low- or high-levels of bureaucracy, we should also classify these along a spectrum of enabling to coercive. Adding this second dimension helps us examine organizational systems and procedures. But let me suggest that a third dimension be added. This would be of an external focus such as a customer- or market-focus. That is, does the bureaucratic procedure help or hinder the organization in achieving a customer focus? This is consistent with the framework in the article, as illustrated in some of the examples from the high tech firms.

Here is an example from a low tech industry that illustrates why I suggest adding a customer-focus dimension. The late Sam Walton, founder of Wal-Mart, describes the bureaucracy at JCPenney, where he was criticized for not following internal procedures. He pointed out that he was trying to place the customer first, rather than the system. Since he couldn't change JCPenney's system, he later started his own business, where he placed the customer ahead of bureaucracy. Too many organizations still have not learned that fundamental lesson.

A key point of the Adler article is that we need to think carefully about the "appropriately designed formalized procedures and hierarchical structure" required by organizations. It is the overresponse to antibureaucracy and that one-size-fits-all thinking that makes the Adler article of interest.

Dr. Adler closes his article with some intriguing questions. He asks why, if a coercive set of procedures and hierarchy have so many problems, so many firms continue to use them. He cites several reasons, such as the increase in laws in response to social and regulatory issues. These, along with the fact that many bureaucratic procedures were developed to deal with the one bad apple employee, may be of more significance than discussed.

I would like Dr. Adler to give more attention to his last point, that of the "entrenched model of management—in which the interests of workers and managers were often brutally antagonistic." There is little doubt that the massive layoffs created in many organizations during downsizing were a result of a superior attitude by some managers. Sunbeam was a classic example of "I know what's best and can do no wrong." However, the problems of such management attitudes are now being recognized.

There is a growing awareness today of the value of employees and the intellectual capital created by employees at all levels of the firm. These much more positive attitudes about the value of employees, and thus the procedures and hierarchy required, have certainly been reflected in industry leaders such as GE and Intel. Examples of positive managerial attitudes as well as innovative bureaucracies also abound in service organizations such as USAA and Ritz-Carlton.

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