

# The Propositions of James D. Thompson

James D. Thompson's 1967 book, *Organizations in Action*, subtitled *Social Science Bases of Administrative Theory*, ranks as one of the all-time classics regarding organizations. At the time, Thompson was Professor of Business Administration and Professor of Sociology at Indiana University. His book is noteworthy for the many propositions it sets forth about organizations. Those propositions are listed below along with an excerpt from the closing paragraphs in Chapter 1. Thompson's propositions are worthy of study.

## Chapter 1 – Strategies for Studying Organizations

Most of our beliefs about complex organizations follow from one or the other of two distinct strategies. The closed-system strategy seeks certainty by incorporating only those variables positively associated with goal achievement and subjecting them to a monolithic control network. The open-system strategy shifts attention from goal achievement to survival and incorporates uncertainty by recognizing organizational interdependence with environment. A newer tradition enables us to conceive of the organization as an open system, indeterminate and faced with uncertainty, but subject to criteria of rationality and hence needing certainty.

With this conception the central problem for complex organizations is one of coping with uncertainty.

## Chapter 2 – Rationality in Organizations

- 2.1: Under norms of rationality, organizations seek to seal off their core technologies from environmental influences.
- 2.2: Under norms of rationality, organizations seek to buffer environmental influences by surrounding their technical cores with input and output components.
- 2.3: Under norms of rationality, organizations seek to smooth out input and output transactions.
- 2.4: Under norms of rationality, organizations seek to anticipate and adapt to environmental changes which cannot be buffered or leveled.
- 2.5: When buffering, leveling, and forecasting do not protect their technical cores from environmental fluctuations, organizations under norms of rationality resort to rationing.

## Chapter 3 – Domains of Organized Action

- 3.1: Under norms of rationality, organizations seek to minimize the power of task-environment elements over them by maintaining alternatives.
- 3.2: Organizations subject to rationality norms and competing for support seek prestige.
- 3.3: When support capacity is concentrated in one or a few elements of the task environment, organizations under norms of rationality seek power relative to those on whom they are dependent.

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- 3.3a: When support capacity is concentrated *and balanced against concentrated demands* the organizations involved will attempt to handle their dependence through contracting.
- 3.3b: When support capacity is concentrated *but demand dispersed*, the weaker organization will attempt to handle its dependence through co-opting.
- 3.3c: When support capacity is concentrated and balanced against concentrated demands, but the power achieved through contracting is inadequate, the organizations involved will attempt to coalesce.
- 3.4: The more sectors in which the organization subject to rationality norms is constrained; the more power the organization will seek over remaining sectors of its task environment.
- 3.5: The organization facing many constraints and unable to achieve power in other sectors of its task environment will seek to enlarge the task environment.

## Chapter 4 – Organizational Design

- 4.1: Organizations under norms of rationality seek to place their boundaries around those activities which if left to the task environment would be crucial contingencies.
  - 4.1a: Organizations employing long-linked technologies and subject to rationality norms seek to expand their domains through *vertical integration*.
  - 4.1b: Organizations employing mediating technologies, and subject to rationality norms seek to expand their domains by increasing the populations served.
  - 4.1c: Organizations employing intensive technologies and subject to rationality norms seek to expand their domains by incorporating the object worked on.
- 4.2: Multicomponent organizations subject to rationality norms will seek to grow until the least-reducible component is approximately fully occupied.
- 4.3: Organizations with capacity in excess of what the task environment supports will seek to enlarge their domains.

## Chapter 5 – Technology and Structure

- 5.1: Under norms of rationality, organizations group positions to minimize coordination costs.
  - 5.1a: Organizations seek to place reciprocally interdependent positions tangent to one another, in a common group which is *(a)* local and *(b)* conditionally autonomous.

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- 5.1b: In the absence of reciprocal interdependence, organizations subject to rationality norms seek to place sequentially interdependent positions tangent to one another, in a common group which is (a) localized and (b) conditionally autonomous.
- 5.1c: In the absence of reciprocal and sequential interdependence, organizations subject to norms of rationality seek to group positions homogeneously to facilitate coordination by standardization.
- 5.2: When reciprocal interdependence cannot be confined to intragroup activities, organizations subject to rationality norms seek to link the groups involved into a second-order group, as localized and conditionally autonomous as possible.
- 5.3: After grouping units to minimize coordination by mutual adjustment, organizations under rationality norms seek to place sequentially interdependent groups tangent to one another, in a cluster which is localized and conditionally autonomous.
- 5.4: After grouping units to solve problems of reciprocal and sequential interdependence, organizations under norms of rationality seek to cluster groups into homogeneous units to facilitate coordination by standardization.
  - 5.4a: When higher-priority coordination requirements prevent the clustering of similar positions or groups, organizations seek to blanket homogeneous positions under rules which cut across group boundaries, and to blanket similar groups under rules which cross divisional lines.
  - 5.4b: When organizations employ standardization which cuts across multiple groupings, they also develop liaison positions linking the several groups and the rule-making agency.
  - 5.4c: Organizations with sequential interdependence not contained by departmentalization rely on committees to accomplish the remaining coordination.
  - 5.4d: Organizations with reciprocal interdependence not contained by departmentalization rely on task-force or project groupings to accomplish the remaining coordination.

## Chapter 6 – Organizational Rationality and Structure

- 6.1: Under norms of rationality, organizations facing heterogeneous task environments seek to identify homogeneous segments and establish structural units to deal with each.
- 6.2: Under norms of rationality, boundary-spanning components facing homogeneous segments of the task environment are further subdivided to match surveillance capacity with environmental action.
  - 6.2a: The organization component facing a stable task environment will rely on rules to achieve its adaptation to that environment.

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- 6.2b: When the range of variation presented by the task-environment segment is known, the organization component will treat this as a constraint and adapt by standardizing sets of rules.
- 6.2c: When the range of task-environment variations is large or unpredictable, the responsible organization component must achieve the necessary adaptation by monitoring that environment and planning responses, and this calls for localized units.
- 6.3: When technical-core and boundary-spanning activities can be isolated from one another except for scheduling, organizations under norms of rationality will be centralized with an overarching layer composed of functional divisions.
- 6.4: Under conditions of complexity, when the major components of an organization are reciprocally interdependent, these components will be segmented and arranged in self-sufficient clusters, each cluster having its own domain.
- 6.5: Organizations designed to handle unique or custom tasks, and subject to rationality norms, base specialists in homogeneous groups for "housekeeping" purposes, but deploy them into task forces for operational purposes.

## Chapter 7 – The Assessment of Organizations

- 7.1: Under norms of rationality, assessors prefer efficiency tests over instrumental tests, and instrumental tests over social tests.
- 7.2: At the institutional level (Parsons, 1960, and Chapter 1 above), organizations subject to norms of rationality measure their fitness for the future in satisficing terms.
  - 7.2a: Under norms of rationality, organizations facing relatively stable task environments seek to demonstrate fitness for future action by demonstrating historical improvement.
  - 7.2b: Under norms of rationality, organizations facing dynamic task environments seek to score favorably in relation to comparable organizations.
- 7.3: When the organization cannot hope to show improvement on all relevant dimensions, it seeks to hold constant on some and show improvement on those of interest to task-environment elements on which the organization is most dependent.
- 7.4: Under norms of rationality, complex organizations are most alert to and emphasize scoring well on those criteria which are most visible to important task-environment elements.
- 7.5: When organizations find it difficult to score on intrinsic criteria, they seek extrinsic measures of fitness for the future.
  - 7.5a: When task-environment elements lack technical ability to assess performance, organizations seek extrinsic measures of fitness for future action.

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- 7.5b: When cause/effect knowledge is believed incomplete, organizations seek extrinsic measures of fitness for future action.
- 7.6: When technologies are instrumentally perfected, and task environments stable or well buffered, organizations under rationality norms measure components in terms of (past) efficiency.
- 7.7: Where task environments are relatively stable or well buffered and knowledge of cause and effect believed reasonably complete, organizations under rationality norms seek to account for interdependence and to assess each unit in efficiency terms.
- 7.8: When knowledge of cause/effect relationships is known to be incomplete, organizations under rationality norms evaluate component units in terms of organizational (rather than technical) rationality (Chapter 2).
  - 7.8a: Where interdependence is controlled through rules, such units are measured in terms of adherence to or deviation from rules.
  - 7.8b: Where interdependence is controlled through scheduling, such units are measured in terms of quota filling.
  - 7.8c: Where interdependence is controlled through mutual adjustment, units are measured in terms of the confidence expressed in them by coordinate units.
- 7.9: When units operating imperfect technologies are conditionally autonomous, they are measured by extrinsic standards.
- 7.10: As the organization's posture with respect to the task environment fluctuates, the organization adjusts relative weightings of the multiple criteria by which it evaluates component units.

## Chapter 8 – The Variable Human

- 8.1: In modern societies, the content of the inducements/contributions contract is determined through power (political) processes.
- 8.2: Inducements/contributions contracts for jobs in routinized technologies are determined through collective bargaining.
  - 8.2a: In collective bargaining, both parties have strong interests in governmental processes which establish the boundaries and rules for collective bargaining.
- 8.3: Inducements/contributions contracts at contingent boundaries of the organization are determined by (a) the power of a task-environment element and (b) the individual's ability to handle the organization's dependence on that element.

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- 8.3a: To the extent that the organization gains power over task-environment elements, it reduces its dependence on the boundary-spanning jobs which deal with those elements.
- 8.4: Individuals in early-ceiling occupations in intensive technologies seek leverage in the negotiation process through collective action to upgrade the occupation relative to others.
- 8.5: Where the intensive technology employs late-ceiling occupations (professions), the inducements/contributions bargain rests on the individual's visibility among occupational colleagues.
- 8.6: In the managerial technology, the inducements/contributions negotiation process rests on the individual's reputation for scarce abilities to solve organizational-rationality problems.

## Chapter 9 – Discretion and Its Exercise

- 9.1: When the individual believes that his cause/effect resources are inadequate to the uncertainty, he will seek to evade discretion.
  - 9.1a: Organizations can thwart the exercise of discretion by establishing inappropriate structures.
- 9.2: The more serious the individual believes the consequences of error to be, the more he will seek to evade discretion.
  - 9.2a: Organizations can thwart the exercise of discretion by establishing inappropriate assessment criteria as bases for rewards and penalties.
  - 9.2b: Organizations can produce systematic bias in the exercise of discretion by assessing performance on multiple, incompatible criteria.
- 9.3: Complex organizations and their supporting social structures encourage some individuals to exercise organizational discretion at considerable personal sacrifice.
- 9.4: Organizations seek to guard against deviant discretion by policing methods.
- 9.5: Where work loads exceed capacity and the individual has options, he is tempted to select tasks which promise to enhance his scores on assessment criteria.
- 9.6: Where work loads or resource supplies fluctuate, the individual is tempted to stockpile.
- 9.7: Where alternatives are present, the individual is tempted to report successes and suppress evidence of failures.
- 9.8: Individuals in highly discretionary jobs seek to maintain power equal to or greater than their dependence on others in the organization.

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- 9.8a: When the power of an individual in a highly discretionary job is less than his dependence, he will seek a coalition.
- 9.8b: Individuals representing precarious values in the organization become junior partners in organizational coalitions.
- 9.8c: To increase their power in organizations, individuals in highly discretionary jobs may form coalitions with essential elements of the task environment.
- 9.9: Changes in organizational dependencies threaten some coalitions and make new ones possible.
- 9.10: The more sources of uncertainty or contingency for the organization, the more bases there are for power and the larger the number of political positions in the organization.
  - 9.10a: Decentralization dilutes the power structure by creating more power positions but limiting the organization's dependence on each one.
- 9.11: The more dynamic the technology and task environment, the more rapid the political processes in the organization and the more frequent the changes in organizational goals.
- 9.12: When organizations commit future control over resources in exchange for present solutions to contingencies, they create limitations on their abilities to adapt to future change of technologies or task environments.

## Chapter 10 – The Control of Complex Organizations

- 10.1: The more numerous the areas in which the organization must rely on the judgmental decision strategy, the larger the dominant coalition.
  - 10.1a: The less perfect the core technology, the more likely it will be represented in the dominant coalition.
  - 10.1b: The more heterogeneous the task environment, the larger the number of task-environment specialists in the dominant coalition.
- 10.2: As areas within the organization shift from characteristically computational to characteristically judgmental decision strategies, the dominant coalition will expand to include their representatives, and vice versa.
- 10.3: Potential for conflict within the dominant coalition increases with interdependence of the members (and the areas they represent or control).
- 10.4: Potential for conflict within the dominant coalition increases as external forces require internal compromise on outcome preferences.

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- 10.5: Potential for conflict within the dominant coalition increases with the variety of professions incorporated.
- 10.6: When power is widely distributed, *an inner circle* emerges to conduct coalition business.
- 10.7: The organization with dispersed bases of power is immobilized unless there exists an effective inner circle.
- 10.8: When power is widely dispersed, compromise issues can be ratified but cannot be decided by the dominant coalition in toto.
- 10.9: In the organization with dispersed power, the central power figure is the individual who can manage the coalition.

## References

1. Parsons, T. (1960). *Structure and Process in Modern Societies*. The Free Press of Glencoe: New York
2. Thompson, J.D. (1967). *Organizations in Action*. McGraw-Hill: New York