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BOOK REVIEW
W. B. WOLF: THE BASIC BARNARD, AN
INTRODUCTION OF ORGANIZATION
AND MANAGEMENT, 1974

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The valuation due to a greater understanding of the theory of C. I. Barnard has been increasing from year to year. But his chief work, *The Functions of The Executive* 1938, and his treatises are so difficult to understand thoroughly, as Barnard himself recognized, that it is not easy to grasp his main intentions and what he wanted to explain. Therefore, we can easily find contrasting explanations and opinions about Barnard's intentions even among professional scholars.

Three approaches may provide access to Barnard's concept. Firstly, rather abstract in comparison with accepted concrete organization and business activities and theories, his books and treatises call for a careful preusal, which forms basics for a systematic study. Secondly, a deeper insight into his intentions is gained by looking back over his writing process, that is to say, to scrutinize the process by which he organized his thoughts, using his repeatedly amended drafts, notes and letters that related to his writings. Thirdly, the examination of his personal history affords a clue to his way of thinking and describing his thoughts. All the approaches are useful and necessary.

The second approach has been pursued eagerly by Professor Haruki Iino of Japan for the last several years, whereby some of his works have turned out useful in helping us to study Barnard's theory.

Meanwhile, the third approach has often been used by Professor W. B. Wolf. Taking notice of the importance of Barnard's theory, he invited C. I. Barnard to the annual meeting of the Academy of Management in 1961 as a special speaker. Out of health Barnard could not attend this meeting. Then he had a private interview with Barnard for two days and recorded their conversation. Barnard died within two months after this interview. Subsequently, Professor Wolf investigated Barnard's life and achievements, which has resulted in the publication of a series of articles.

His new book "The Basic Barnard, an Introduction to Chester I. Barnard and His Theories of Organization and Management 1974" is based on his many years of studies.

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In Japan, Professor Iino wrote a short book review of this book in *Organization Science, Soshikikagaku*, Vol. 8, No. 3, 1974, pp. 65-67, while in the United States, George Odiorne reviewed it in the *Journal of Business*, Vol. 29, No. 1, 1976. Unfortunately, these book reviews are far too short and simple for readers to fully appreciate the value of Wolf's book. With this in mind the following review addressen itself to the task of shedding light on this book :

In the first chapter "Introduction", the author points out that Barnard "wanted to provide a theoretical framework for the study of management. In short, he develops a conceptual framework in which terms are rigorously defined and concepts realistically analysed (p. 3)." He also indicates the following seven points as Barnard's contribution to the study of organization and management.

1. Emphasizing the holistic nature of organization and the systematic nature of it.
2. Focusing attention on the role of the informal aspects of organization.
3. Making clear a general definition of formal organization.
4. Modifying traditional beliefs about the nature of managerial authority.
5. Emphasizing decision processes as a significant aspect of organization and management.
6. Giving attention to the nonlogical thought processes in personal decisions.
7. Taking notice of the executive organization as a communication system.

Then in the second chapter which can be seen as the best part of this book, Professor Wolf makes a survey of Barnard's personal history and through this general view, he makes clear the development process of Barnard's ideas. From this description, we can learn the basis from which his important concepts developed: associational specialization, the necessity of informal organization, morality, qualifications for executives, education for executives, executive responsibility, etc. This kind of explanation of Barnard's concepts can be done only by an author who has examined Barnard's personal history carefully.

In the third chapter, the author attempts to present a framework in order to understand Barnard's work by clarifying his philosophy and thinking processes. He mentions that Barnard's fundamental philosophy was based upon the humanistic position, but, at the same time, he was such a thorough experimentalist. Barnard recognized some limitations of the so-called scientific or mathematical analysis of organization behaviors and, besides, he appreciated the importance of intuition in organization and business management.

Pointing to Barnard's organization theory which was based upon the open-system concept, Professor Wolf says, "some consistent themes in Bar-

nard's work are the limits of simple cause-and-effect reasoning in solving problems; the whole is more than the sum of its parts; to change one part is to change the interactions and, thus, to change the system as a whole (p. 54)". He continues to say, "Similarly, Barnard sees organizations, as well as persons, as systems seeking balance. The system adjusts to internal and external forces to maintain a dynamic equilibrium. This balance is constantly changing so that the interaction of the forces which bring it about is usually different from time to time (p. 55)." The intuition of executives becomes necessary to management due to this concept of balance.

The unique feature of Barnard's analysis is the use of polarity; that is, Barnard seeks the extreme positions and then attempted to arrive at a balanced point of view. His basic interest was in the harmony of individualism and collectivism.

In the fourth chapter, the author explains the first half of Barnard's work "The Functions of The Executive" with special emphasis on Part II. Here he deals with the concepts of formal organizations, environment of organizations, individuals in cooperative systems and informal organizations.

In the fifth chapter, the author comments on the elements of specialization, incentives, authority, decisions, status systems and organizational morals in which he states "formal organizations can be studied from many points of view (p. 73)." These elements are seen as "Barnard's central concepts regarding perspectives for viewing formal organizations (p. 73)." We can appreciate the author's comments on the concepts of authority and responsibility dealt with in the sixth chapter. In the fifth chapter he explains the description of Barnard's work and sets forth his own conversation with Barnard about these concepts. As Barnard himself admitted, his comments on responsibility were not enough, and therefore, we can say that Wolf's supplementation about these concepts is important.

In the sixth chapter, the author comments on the functions of the executives based on the analysis of formal organization and the elements of organization.

We can appreciate this book as a required reading book for the students who have some interest in Barnard. But from the standpoint of a fellow scholar who is interested in Barnard's theory, the author of this review would like to present some questions about Professor Wolf's understanding of Barnard's theory.

As Professor Wolf recognizes, in Barnard's theory, "purpose is the unifying element of formal organization (The Functions of The Executive, p. 137. The Basic Barnard, p. 75.)," while "executive functions are specialized activities designed to perpetuate and maintain the organization (The Basic Barnard, p. 108)." It is, therefore, the purpose of executives to devise means

to perpetuate and maintain the organization. To achieve this purpose, the executives should pursue something called by Barnard "the good of the organization." This understanding is also presented by Professor Wolf (*The Basic Barnard*, pp 84, 99-100). As he recognizes, the good of the organization can be obtained by taking everything into account, sensing the whole, having a feel of the organization (*The Basic Barnard*, pp. 91, 96) or by involving "a sensing of the organization as a whole and the total situation relevant of it (*The Functions of The Executive*, p. 235, *The Basic Barnard*, p. 115)."

Barnard did not explain directly in concrete terms what he meant by the good of the organization. According to Barnard's thinking, an organization is a system of contributive actions and forces of individual people and it is necessary for these actions and forces to continue order to perpetuate the organization. Securing the necessary contributive actions and forces can be done by distributing the organization utilities as incentives or inducements to all members or other persons. The organization produces the organization utilities from the combination (or arrangement) process of various kinds of contributive activities and forces of members and from the exchange process with these members (*The Functions of the Executive*, pp. 253-7).

Barnard commented that to perpetuate an organization it must produce more utilities than the amount distributed or at least the amount of utilities produced must be equal with the amount distributed. He dealt with this point as the problem of organization economy (*The Functions of The Executive*, pp. 240-246).

Therefore, Barnard's concept of "the good of the organization" (or "the interest of the organization") is the problem of organization economy; that is to say, the good of the organization is to produce a surplus of organization utilities or at least to balance the amount of organization utilities distributed with the amount thereof produced. From the structural point of view, organization economy is composed of three economies a material economy, a social economy and an individual economy. By taking a balance of these three economies, the maximum amount of organization utilities is produced. Only then can the top executive's sense of the whole organization bring into perspective this economy. This is the reason why Barnard emphasized the importance of the executive's intuition or sense of the whole. At the same time, it is also important that Barnard stated "the only analysis of that economy is the analysis of the decisions as to action of the organization (*The Functions of The Executive*, p. 244)".

When we understand the relation between the purpose of organization and the organization economy as mentioned above, we can comprehend the

fact that Barnard's analysis of the elements of formal organization is the analysis of the elements relating to the necessary decisions in order to maintain the balance of the organization economy. Then we can understand that the elements dealt with in Part III of Barnard's "The Functions of The Executive" including specialization, incentives, authority, the environment of decisions and the theory of opportunism are the elements relating to the necessary decisions previously mentioned. Barnard did not deal with the moral aspect of decisions in Part III in order to deal with them collectively in chapter XVII of Part IV, also when he published "The Functions of The Executive", he did not notice the problem of status systems as he said later in his introduction for the Japanese edition.

In the fifth chapter, which corresponds to Part III of Barnard's book, Professor Wolf is quite right in dealing with the elements of formal organization and moral aspects of organization, but the part pertaining to the phenomenon of disruptive tendencies in status systems should not have been included because it is related to the functional process of status systems. Therefore, this latter part should have been included in the fourth chapter.

Also Professor Wolf begins the fifth chapter with the following: "Formal organization can be studied from many points of view. We can study them as decision-making and decision-implementing cooperative systems, as incentive systems, as moral systems and so forth. Each such point of view is incomplete, yet each adds to our understanding of what organizations and their common features are. In this chapter we summarize Barnard's central concepts regarding perspectives for viewing formal organization. Barnard labeled these 'elements'. His elements may be classified as specialization, incentives, authority, decision, status systems, and morals (p. 73)".

This classification, as the author says, based mainly on Barnard's Part III of "The Functions of The Executive." Meanwhile, Barnard himself commented, "Parts I and II are the 'anatomy' or structure of cooperation; Parts III and IV are its physiology or economy (Organization and Management, 1948, p. 133)." He also stated "Formally this work is divided into four parts, but in a sense it consists of two treatises. One is an exposition of a theory of cooperation and organization and constitutes the first half of the book. The second is a study of the functions and of the methods of operation of executives in formal organizations (The Functions of The Executive, pp. XXXi-XXXii)." Therefore, Part III is an analysis of the dynamic process of formal organization and this process is the one pursuing the good of the organization, that is, the balance of the organization economy. Then the elements analysed in Part III of Barnard's book are the necessary elements required in order to analyse the decisions involved in pursuing the good of the organization. Barnard did not take up these elements voluntarily.

As previously quoted Professor Wolf mentions, "Formal organization can be studied from many points of view." From Barnard's point of view, the context should proceed as follows: We must study the formal organization from the following elements: specialization, incentives, authority, decisions, status systems and morals. It is necessary to understand the formal organization and its common character by studying all of these elements. Besides, Barnard's title "The Elements of Formal Organization" may be more appropriate than Professor Wolf's title "Aspects of Formal Organization."

The writer of this review is of the opinion that the framework which a scholar adopts for the study of Barnard's theory is dependent upon his understanding of the organization economy, that is, the purpose of the organization.

The understanding and development of Barnard's theory is dependent upon his understanding of the organization economy, that is, the purpose of the organization.

The understanding and development of Barnard's theory is not yet perfect. Professor Wolf says, "What appears here is in no way a substitute for reading Barnard in the original (p. Viii)." Nevertheless, the writer hopes, in conclusion, that "The Basic Barnard" will continue to be widely read, thereby prompting more productive studies on this aspect organization theory.