Chester Irwing Barnard
[1886-1961]

Marina Rita Pinto

Chester Barnard, an American business executive, was born on November 7th, 1886, in Malden, Massachusetts. He studied at Mount Herman School and in 1906, joined Harvard and majored in Economics and Government. He did not get a bachelor’s degree because he lacked the technical requirements of a laboratory science. Even so, he later got 7 honorary doctorates for his life long interest and work in respect of organizations. He was deeply influenced by the New England attitudes of independence, pragmatism, industriousness, and respect for the rights of the individual. He was also accustomed to regular philosophical discussions at home all of which helped him in his work. He started his career which spanned 40 years in the Bell Telephone Company and rose to be its President in New Jersey. Simultaneously, he was engaged in voluntary public service. This wealth of knowledge and experience he brought to bear in his writings.

The Functions of the Executive is the only major book of Barnard. It was actually the revision and expansion of the manuscript prepared for the Lowell Institute Lectures. This book won him fame and helped him carve a niche for himself in the history of management thought. In it he developed a comprehensive theory of co-operative behaviour in formal organizations, better known as his theory of formal organization. He discussed the complex problem of incentives, acceptance theory of authority, decision-making process, status systems and ethics in organization. His habit of rigorous abstract study is reflected in the difficult style of presentation in his book. The work is not easy reading and to understand his theoretical presentation one must dwell on his philosophy and thought processes.

Barnard’s Humanism: Barnard was primarily concerned with the dignity and worth of the individual. He has been described as an idealist humanist, concerned with the well-being of man and the general welfare of society. He sees man as a single unique, independent, whole being. But the individual in an organization gets depersonalized. The management perceives him in terms of his limited role in the organization rather than view him as a whole being. But this duality does not make for a dichotomy. The 2 aspects are really simultaneously present in co-operative systems. It is only that when we think of the organization as a functioning system of 2 or more persons the functional aspect gets high-lighted. When the focus is on the individual as the object of the co-operative system, the emphasis is on individualization.

Take the issue of free will and determinism. Barnard perceived an inherent conflict between the two. There are certainly many limiting factors like physical and sociological that can deny a worker his free will and make for a degree of determinism. This poses a serious problem for the executive. Barnard points out that while the executive must recognize the absence of complete free will, he must, at the same time, assume free will to exist. After all, if a man is to be held responsible for his acts, it implies that he has a free will. Barnard’s humanism surfaces when he seeks to resolve this conflict situation by maintaining that while man is accountable for his actions, a realistic appraisal of the situation would indicate that the individual is not that accountable.

Barnard appreciates man’s desires to promote his own interests. While doing so, he could further the interests of the organization or damage them. Accordingly, he has spoken of efficiency and effectiveness. When an individual in an organization seeks to achieve ends sought by the organization then his activity could be identified as effective. In the process, if he meets his personal needs and satisfies personal motives, the activity could be considered efficient. Organisational survival depends on both, and an executive must look for both-effectiveness and efficiency. There must be internal equilibrium and also ‘an equilibrium between the system and the total situation external to it.’
Barnard’s empiricism: Barnard was not just a humanist but also a practical realist. As an empiricist, he believed in learning by experience. He did not put much faith in science for he saw the limitations of science.

When a manager makes decisions he has to take into account various interdependent and independent variables. But there must also be a place for intuition, know-how, hunches etc. When speaking on this subject at a meeting of the American Society of Mechanical Engineers he said: “…one of the important limitations of our civilization has been the over-emphasis, the inclusive emphasis, of the importance of the logical thought processes and the sciences that have developed out of them, and the exclusion of the appreciation of the other faculties… It is possible as you know from art, literature and other things, to increase the non-logical or intuitive expertness of behaviour by conditioning. People learn to feel things by working in them and by working with people who are adept in handling them.”

**Theory of organization**

Barnard distinguished between formal and informal organizations. He explained how individuals experience personal relationships in an organization due to the gregarious instinct or fulfillment of some personal needs. In course of time, these relationships get systematized and result in informal organization. Thus informal organization which is the aggregate of personal contacts and interactions does impact the formal organization. Both need each other as they are ‘interdependent aspects of the same phenomenon…formal organizations are vitalized and conditioned by informal organizations.’ Though Barnard saw the interconnection between the two, he built his theory around the concept of formal organization. He defined an organization as a “system of co-ordinated activities or forces of two or more persons.” It is a system made up of activities of human beings, a system in which the whole is more than the sum of its parts “each part is related to every other part in some significant way.” To change one part is to change the interactions and thus to change the system as a whole. Barnard saw organizations as being, in reality, only partial systems. One cannot really isolate a complete, whole organization. Each is part of bigger and more complex organizations. Also, each is composed of various sub-units, each of which is an organization in itself. Hence, the system must be treated as a whole. Barnard’s entire theory of organization is a special application of the open-system theory. Viewing organizations as open systems, implies looking into parts and elements that make up the system, examining processes of functioning systems such as communication, decisions, feedback and identifying purpose, motivation and incentives.

While adopting the open-system theory, his approach was to frame issues in terms of opposites. The basic dichotomy of the individual and the organization permeates his entire work. On the one side he deals with man who rationalizes rather than behaves rationally, who acts on intuitions and hunches and is influenced by personal needs and emotions. One the other hand is the organization which is a rational structure with an impersonal, objective management. As a humanist, Barnard sought a balanced position, a sort of mid point, a way to benefit, the individual and the society.

Every organization contained 3 universal elements:

A] Willingness to co-operate: In an organization, persons or contributors as Barnard calls them, must be willing to co-operate. Most of the time, contributors are indifferent or unwilling workers. Willingness relates to satisfactions or incentives. Barnard states that from the ‘viewpoint of the individual, willingness is the joint effect of personal desires and reluctances; from the viewpoint of organization it is the joint effect of objective inducements offered and burdens imposed. The measure of this net result, however, is entirely individual, personal and subjective.”

What makes for a willing contributor? In Barnard’s words, ‘If each man gets back only what he puts in, there is no incentive, that is, no net satisfaction for him in co-operation. What he gets back must give him advantage in terms of satisfaction; which almost always means return in a
different form from that which he contributes.’ So, what an organization seeks to do is to maintain an equilibrium between contributions and satisfactions.

Barnard identifies 4 specific inducements from the viewpoint of the organization. They are 1] material inducements such as money or physical conditions; 2] personal non-material opportunities for distinction, prestige and personal power; 3] desirable physical conditions of work; 4] ideal benefactions such as the pride of workmanship, loyalty to the organization, sense of patriotism etc.

Barnard also singles out 4 types of ‘general incentives’ which affect man’s behaviour in an organization. They are: 1] associational attractiveness of the given work which could also be explained as social compatibility; 2] adaptation of working conditions to habitual methods and attitudes; 3] the opportunity for the feeling of enlarged participation in the course of events. It is sometimes related to love of personal distinction and prestige. It is a feeling of importance because it links one’s effort with the cooperative effort as a whole. This explains why, other things being equal, one prefers association with larger rather than smaller organizations; 4] the condition of communion which makes for a feeling of social integration and a sense of solidarity. It is the opportunity for comradeship and for mutual support in personal attitudes. Barnard expects an organization to be both—efficient and effective so that equilibrium of the system is maintained.

B) Common purpose: Willingness to co-operate must be for some specific purpose. At the same time, it is only when there is a purpose or an objective that cooperative effort is sought. Thus there is something like simultaneity in the acceptance of a purpose and willingness to cooperate. A purpose can serve as an element of a co-operative system only so long as the participants understand the nature and implications of that purpose as the object of co-operation. If there are major and serious differences between how the purpose is viewed individually and co-operatively, then the divergencies become very evident especially when the purpose is concrete, tangible and physical rather than when it is general and intangible.

According to Barnard, every participant in any organization has a dual personality— an organizational personality and an individual personality. When the purpose of the organization is co-operatively viewed, one has the organizational personality of individuals in mind. But what is dictated as worthy of support by organizational personality may be at variance with what is perceived by the individual personality. In other words, we have to clearly distinguish between them. The only time they are identical is when accomplishment of an organizational purpose becomes itself a source of personal satisfaction. Often, they are distinct and apart. Individual motive is necessarily an internal, personal and subjective thing while common purpose is essentially external, impersonal and objective. The executive has to imbibe in members the common purpose or objective of the organization in such a way that contributors feel that their personal satisfactions would come through accomplishing the purpose of the organization.

C) Communication: Willingness to co-operate and common purpose are linked through communication. Barnard lists the formal principles of communication. They are the following:
1. Channels of communication should be definitely known. The authority of person and position must be defined and publicized.
2. Objective authority requires a definite formal channel of communication to every member of the organization. Everyone should know where he is placed in terms of superior-subordinate relationships.
3. The line of communication should be as direct or short as possible.
4. The complete line of communication should usually be used. ‘Jumping the line’ can lead to contradictory communications, wrong interpretation and the undermining of responsibility.
5. The competence of persons serving as communication centres, i.e. executive personnel, must be adequate.
6. The line of communication should not be interrupted in a functioning organization. Hence the need for the temporary filling of offices during incapacity or absence of incumbents.

7. Every communication must be authentic. The person issuing the communication must have the authority to do so, must be known to hold the position of authority and the communication must be actually issued by him.

Formal organizations can be studied from different points of view. For instance, an organization can be studied as a decision-making system, an incentive system, a moral system and so on. Though each is incomplete in itself, nevertheless it adds to our understanding of organizations.

Barnard also looks at specialization as an aspect of formal organization. Specialization implies the analysis of purpose. Not only must the larger or general purpose be defined and analysed, the specialized purpose for each subunit must also necessarily be examined and related to the broad general purpose.

Specialization in an organization can be along 5 lines: 1] Geographic specialization, which implies where the work is done. 2] Temporal specialization, implying the time factor. 3] Associational specialization, which brings in informal organization. 4] Functional specialization relating to functions and 5] Processual specialization which focuses on methods or processes.

When 2 or more persons are involved in realizing a goal or purpose, their activities must be coordinated by temporal specialization and geographic specialization. Adequate communication calls for associational specialization which takes cognizance of the persons with whom the work is done. Specialized subunits could be largely autonomous, yet they are integral parts of the cooperative system and therefore cannot be ignored. The importance of methods or processes cannot be over emphasized. Barnard’s analysis of specialization fits in well with his overall theory of formal organization.

**Authority**

Barnard subscribed to the acceptance theory of authority according to which managerial authority rests on the consent of the subordinates. This clashed with the view that authority implies the right to command and order and therefore was related to the superior rather than the subordinate.

While Follett would depersonalize authority and obey the law of the situation, Barnard retained the personal aspect of authority, but gave it a ‘bottom-up’ interpretation.

According to Barnard, ‘Authority is the character of a communication [order] in a formal organization by virtue of which it is accepted by a contributor to or ‘member’ of the organization as governing the action he contributes’. Accordingly, authority involves 2 aspects: 1] The accepting of a communication or order as authoritative which is subjective, personal and an individual matter and 2] The objective aspect which relates to the character of the communication by virtue of which it is accepted and which depends on organizational factors. In the final analysis, “the decision as to whether an order has authority or not lies with the persons to whom it is addressed and does not reside in ‘persons of authority’ or those who issue these orders.”

With respect to the subjective aspect of authority, Barnard holds that an individual in an organization can assent to orders only when 4 conditions simultaneously obtain: 1] He can and does understand the communication. If necessary, the order can be interpreted for him so that he understands how it applies to him and what is expected of him by way of compliance. 2] At the time of his decision, it is compatible with the purpose of the organization. If executives are required to issue orders that will appear to the recipients as contrary to the main purpose, they must explain or demonstrate why the appearance of conflict is an illusion. 3] At the time of his decision, it is compatible with his personal interest as a whole. 4] He is able to comply with it, mentally and physically.

According to Barnard, each individual has a ‘zone of indifference’. It is akin to Simon’s ‘zone of acceptance.’ It implies that a person will accept orders willingly and without question, as long as they fall within this zone. The zone may be broad or narrow and will depend on his commitment.
to the organization and the degree to which the inducements exceed the burdens and sacrifices associated with compliance with a specific order. Barnard himself has explained the phrase ‘zone of indifference.’ He states, ‘If all the orders for actions reasonably practicable are arranged in the order of their acceptability to the person affected, it may be conceived that there are a number which are clearly unacceptable, that is, which certainly will not be obeyed; there is another group somewhat more or less on the neutral line, that is, either barely acceptable or barely unacceptable; and a third group unquestionably acceptable. This last group lies within the ‘zone of indifference.’ The person affected will accept orders lying within this zone and is relatively indifferent as to what the order is so far as the question of authority is concerned.’ Barnard laid down precepts regarding authority which were more in the nature of guidelines to executives in securing acceptance of orders. They are:

1. Interpret orders for individuals and groups so that they are applicable and understood in specific situations.
2. Avoid conflicting orders.
3. Never issue orders which cannot and will not be obeyed.
4. If apparently unacceptable orders are to be issued, prepare the ground through education, persuasion and the offer of incentives.
5. Focus attention upon responsibility rather than authority.
6. Recognize the limits of the saying that authority and responsibility should be equal. Often, one has responsibility without authority.

Barnard also spelt out how one establishes the authority of a communication. This has been covered earlier under theory of formal organization. Since Barnard upheld the acceptance theory of authority, the concept of superior authority is a fiction. Nevertheless, it is a fiction that is useful to formal organization because it makes possible for individuals to place the responsibility for decisions on others and it also underlines the fact that arbitrary flouting of objective authority can harm the organization. In Barnard’s own words, ‘this fiction merely establishes a presumption among individuals in favor of the acceptability of orders from superiors, enabling them to avoid making issues of such orders without incurring a sense of personal subserviency or a loss of personal or individual status with their fellows.’ And again, ‘the fiction of superior authority...makes it possible normally to treat a personal question impersonally.’ The fiction of superior authority has a negative aspect as well. Just because an order comes from above does not mean that those who receive it will act as ordered. They still have the veto which will be exercised if those in positions of authority show ineptness, ignorance of conditions or ground realities or fail to communicate. On the other hand, people will grant even greater authority, far outside the usual zone of indifference, to superiors who combine the formal authority of position with knowledge, understanding and ability.

**Decision-making process**

Executives perforce have to make decisions. But that is no easy task. In fact it is burdensome. If the decision taken is correct and successful, one is happy but this is more than matched by the frustration or depression that results from failure or error of decision. So those in charge hesitate to take decisions. Often, they fear criticism or want to avoid responsibility. Occasions for decision making originate in 3 distinct fields from: 1] Authoritative communications from superiors; 2] Cases referred for decisions by subordinates; 3] Cases originating at the initiative of the executive.

The types of decisions as well as the conditions for decision-making change in character as we move down the scalar chain. At the upper end of an organization, decisions relate to ends. At the intermediate levels, the broad ends or purposes are broken up into more specific ends and the technical, including economic problems, become important. At the lower levels, decisions relate directly to technologically correct conduct in organization action. These low levels are not
insignificant, for it is here that personal decisions determining willingness to contribute have relatively greatest aggregate importance.

It is not easy to determine how a decision is arrived at or to evaluate it. Decisions could be positive, i.e. decision to do something or it could be negative, i.e. decision not to decide. As stated by Barnard, ‘The fine art of executive decision consists in not deciding questions that are not now pertinent, in not deciding prematurely, in not making decisions that cannot be made effective and in not making decisions that others should make.’

In understanding decision-making it would be profitable to examine Barnard’s distinction between logical and non-logical thought processes. Logical thought processes involve conscious thinking which can be expressed in words or symbols and this has a place in decision-making. Non-logical thought processes cannot be expressed in this manner. Here, the executive acts on intuition, hunch, commonsense or whatever. Often, an executive has to arrive at a decision by a given date. He may not be able to do so on the basis of logical thought processes alone. So he falls back on non-logical thought processes. He may not admit this in public or even to himself. On the contrary, he would act first and ‘think’ afterwards and thus work out some rationalization to support his decision. Thus Barnard finds a place for both the thought processes in decision-making.

As mentioned earlier, every participant in an organization has a dual personality. Barnard maintained that ‘…a sort of a dual personality is required of individuals contributing to organization action-the private personality and the organization personality.’ The private personality would imply decisions that are personal and which often follow non-logical thought processes. The organizational personality will take organizational decisions largely by logical thought processes. Barnard has indicated 5 significant differences between an individual’s personal decisions and those he makes in his organizational role. They are: 1] Organizational decisions are impersonal and are dominated by organizational ends; 2] Organizational goals are explicitly stated, whereas this need not be so for personal decisions; 3] The ends of organization are usually arrived at, after a high degree of logical thought processes which may not be the case with personal goals where sub conscious processes predominate; 4] Personal decisions cannot be delegated to others; organizational decisions can and are in fact, delegated; 5] Organizational decisions are specialized, while personal decisions are not.

According to Barnard, decision-making involves a search for the strategic factor. His theory of the strategic factor is linked to the systems concept. As Barnard put it, ‘If we take any system, or set of conditions, or conglomeration of circumstances existing at a given time, we recognize that it consists of elements, or parts, or factors, which together make up the whole system, set of conditions, or circumstances. Now, if we approach this system or set of circumstances, with a view to the accomplishment of a purpose….the elements are parts which become distinguished into two classes: those which if absent or changed would accomplish the desired purpose, provided the others remained unchanged; and these others. The first kind are often called limiting factors; the second, complementary factors….a limiting strategic factor is the one whose control, in the right form at the right place and time, will establish a new system….which meets the purpose… If a machine is not operable because a screw is missing, the screw is the strategic [limiting] factor.’ Therefore, to make an effective decision, is to get control of the strategic factor and this control must be exercised at the right time, in the right form and amount and in the right place so that the purpose is achieved or accomplished. The strategic factor then, is all important and is at the centre of the environment of decision-making. It is the point at which choice applies as there can be tentatively several strategic factors. To do or not to do this, that is the question. A decision therefore, calls for deliberation, calculation and thought. Above all, it necessitates the location and control of the strategic limiting factor. In sum, Barnard’s decision-making theory was a significant contribution to management thought.
Status Systems

Barnard discussed status systems not in *The Functions of the Executive* but in a lecture on this subject titled ‘Functions and Pathology of Status Systems in Formal Organizations.’ Status, in essence, according to Barnard, consists of the rights, privileges, duties and obligations of an individual in an organization. Status is, therefore, indicative of individual behaviour. Status systems are linked to other features of the organization like communication, incentive and authority as also to the value system of society. Status systems meet the needs not only of the individual but of the formal organization as well.

There are two fairly distinct types of status systems in an organization. Functional status arises out of functions performed and has to do with the horizontal division of labour. For instance, a carpenter would enjoy certain rights and privileges which flow from his craft. If one is told that a worker is a carpenter in a given organization, one immediately determines his status. Scalar status, on the other hand, has to do with formal authority and corresponding responsibility and relates to the vertical dimension of an organization. It implies the status that arises from one’s formal position in the organizational hierarchy in terms of superior - subordinate authority.

Status systems are found in virtually all organizations. From the individual point of view, they serve to identify individual roles and abilities. They are a way of determining who’s who in an organization. To the individual, his status is doubly significant. It endorses his past history and provides evidence of attainment and competence. At the same time, it helps to establish his formal authority so that his orders will be accepted by his subordinates. Furthermore, status systems preserve personal integrity by preserving the integrity of the organization. It is definitely a personal asset to be a member of a good organization because a top official, in his person, signifies the organization. Status systems provide means for recognizing individual differences for…where differences of status are recognized formally, men of unequal abilities and importance can and do work together well for long periods.

From the point of view of the organization, status systems are valuable. They are crucial to the maintenance of the co-operative system. They enable placement of personnel and provide the channels for communication in the organization. They ensure that the communications are authentic, authoritative and intelligible. They are indicative of authority positions in the chain of command. They give members prestige, powers and position which lead to greater responsibility and stake in the efficient running of the organization.

It goes to the credit of Barnard that he did not overlook the negative or disruptive tendencies of status systems. They can be listed as follows:

1] They tend to give a distorted value to individuals. Status may be assigned for various reasons such as ability, skill etc. Yet, the person concerned may think too much of himself even though the status given to him is unrelated to his personal worth.

2] Status systems require stability. It is only stable status systems that can provide incentives to persons who aspire to reach them. But there is the risk that stable status systems can cause harmful rigidities in the organization. For instance, outstanding and deserving men of proven ability may not be able to serve in higher positions, men who ought to move away because of inadequacy continue to stay on in key positions and generally, the organization will not be able to adjust to changing internal and external needs.

3] Status systems may fly in the face of distributive justice. Higher status persons may not be deserving of excessive rewards which accrue to them and this would be viewed as gross injustice in the eyes of those denied promotion.

4] Status systems tend to detract from morale by exaggerating the needs of administration. They tend to inhibit changes in status and thus come in the way of the promotion of abler men.

5] Since the individual is symbolic of the organization, he gets, so to speak, the stamp or label of the organization on him. It therefore becomes difficult to remove him from the official top
position, even when his performance is found wanting. In this way, status systems tend to limit the adaptability of the organization.

Status systems, despite their drawbacks, are necessary for effectiveness of the organization. It is up to the executives to ensure that status is reflective of ability, that it does not become an end in itself and that it serves as a morale booster. To make this possible, executives require not only great ability, knowledge and skill but most importantly, moral courage.

Organizational Morals

The Functions of the Executive is a book suffused with a moral fervor. The implications of Barnard’s humanism and his concern for the moral creativity of executives is locked up in the interstices of his arguments and it is not until he comes to the end of his book that he makes an open declaration of his faith. ‘I believe in the power of the co-operation of men of free will to make men free to co-operate; that only as they choose to work together can they achieve the fullness of personal development; that only as each accepts a responsibility for choice can they enter into that communication of men from which arise the higher purposes of individual and co-operative behaviour alike. I believe that the expansion of co-operation and the development of the individual are mutually dependent realities and that a due proportion or balance between them is a necessary condition of human welfare. Because it is subjective with respect both to a society as a whole and to the individual, what this proportion is, I believe, science cannot say. It is a question for philosophy and religion.’

According to Barnard, an organization functions as a distinct moral entity having its own beliefs, convictions, mores and culture. Its morals differ from those of other organizations and also from those of broader society. Within an organization, one finds at times, contradictory and conflicting moralities. Hence an organization is characterized by complex moralities. Morals are private codes of conduct which guide the individual in his behaviour. They could also be described as innate forces or propensities to behave in a certain manner under a specified set of circumstances. These propensities tend to ‘inhibit, control or modify’ interests, impulses and desires which are inconsistent with them and conversely reinforce those that are consistent with them. These propensities arise from different sources or a combination of them and are generally external to man. They could be of supernatural origin; or rooted in practice or habit; the product of education and training; absorbed from local environment or even result from contact with formal organization. An individual has usually more than one code. In fact, he has different codes for different settings. For instance, a man could have one code as a father, another as head of a family and a third as a member of a formal organization. These different codes of conduct, put together, define the moral status of a person.

Given several codes of conduct that a person possesses, there could be clashes between them in determining ‘right behaviour’. For instance, loyalty to a friend may be an important value in one code. Yet, when that friend works against the interest of the organization to which one belongs, the individual experiences conflict of codes. Such conflicts tend to become more complex and difficult to resolve, the higher one is placed in the executive hierarchy.

Not all codes have sanctions that go with them, though organizational codes do have them. One observes one’s code out of a sense of responsibility. If codes are ignored or violated, the individual feels guilty, frustrated or demoralized. In an organization, there is the individual personal code, the organizational code that promotes the good of the organization and the code relating to the good of society. Difficulties arise when there is a wide gap between personal ethics and organizational ethics. When conflicts occur, it becomes difficult to decide on the right course of action. There could be paralysis of action, tension, frustration, blockade, loss of decisiveness and even lack of confidence. Adherence to one code can violate the other and in time, even kill the second code.
Barnard talks of 3 approaches to resolve moral conflicts within the organization. 1] Act subconsciously in terms of a system of priorities so as not to see the conflict. 2] Develop a priority among codes and consciously adhere to it. 3] Be morally creative. This third approach would mean finding ways and means that will result in subordinating individual interest and the minor dictates of personal codes to the good of the co-operative whole. It would imply that he has to find a solution possibly by ‘substituting a new action which avoids the conflict or in providing a moral justification for an exception or compromise.’ The solution has to be ‘worked out’ and calls for ability, imagination and innovation on the part of the executive.

A word needs to be said about moral responsibility. Responsibility is the measure of the degree to which an individual holds to his code. As Barnard defines it,’…responsibility is the property of an individual by which whatever morality exists in him becomes effective in action’. Put differently, it is the power of a particular private code of morals to control the conduct of the individual in the face of strong contrary desires or impulses. If a person is weakly controlled by his moral codes, he is irresponsible and if he zealously exerts to adhere to his codes, he is said to be responsible. But in a situation of conflicting codes it can just happen that a dominant code will assert itself. Given a strong sense of responsibility, it is certain that any conflict of codes will assume critical salience and would even lead to denial of authority if the organization code is not strong or important. In such a situation, incentives or inducements would not matter at all.

Management thinkers have always emphasized the need for specialisation and managerial competence in respect of executive leadership. It goes to the credit of Barnard that he put the focus on the moral aspects of leadership for he felt that without moral leadership an organization cannot survive. It is such leadership that creates faith and inspires confidence that builds up common understanding of organization goals and purposes and works towards their realization. Moral leadership manifests itself in the creation of moral codes for others. Such activity calls for conviction, commitment and an identification of personal with organization codes. According to Barnard, it is “the indispensable social essence that gives common meaning to common purpose, that creates the incentive that makes other incentives effective, that infuses the subjective aspect of countless decisions with consistency in a changing environment, that inspires the personal conviction that produces the vital cohesiveness without which cooperation is impossible.” And again,’…but the quality of leadership, the persistence of the influence, the durability of its related organizations, the power of the co-ordination it incites, all express the height of moral aspirations, the breadth of moral foundations.’

Evaluation

Critics feel that much is taken away from The Functions of the Executive because of its abstract, difficult and cumbersome style of presentation. R.J.S. Baker opined that the text lacked illustrations from Barnard’s tremendous experience. On the subject of authority, Barnard did not grapple with how conflicting alternatives could be integrated but essentially kept to the acceptance or rejection of authority. Nor did he elaborate on responsibility except for a bit on moral responsibility. It was also felt that he did not address the role of the executive in providing an environment where workers could examine themselves and their work from a collective perspective. He did not delve deeply into the apparent paradoxes in the relations between man and organization though he was aware of the inevitable tensions that could arise in seeking balance between the two.

However, the criticisms do not count for much when one takes into account his stupendous contribution to management thought. His title to fame rests on The Functions of the Executive which was a book that flowed from a revision, sixteen times over, of the 8 lectures he delivered at the Lowell Institute in Boston. He himself explained that when one theorises, a certain amount of abstractness is inevitable as it is demanded by the subject.
Barnard rejected the concept of the ‘economic man’ and effectively applied the ideas of the human relations thinkers to middle and top management levels. Though he talked of formal and informal organizations and their interdependence, he concentrated on the theory of formal organization. In its depth and intensity, his theory is a reflection of the subtle and complex forces that shape human activity in all situations of collective action. The theory is a special application of the open-system theory. His approach has been to frame issues in terms of opposites and the basic dichotomy of the individual and the organization permeates his entire work. In his theory of organization he has examined ‘contribution-satisfaction-equilibrium’ as the basis for individual contribution to organizations. He has also covered the 3 universal elements and various aspects of formal organizations like incentives and status systems. Of special importance is his decision making process which brings in the distinction between logical and non-logical thought processes and the role of the strategic factor. Barnard’s conceptualization of authority merits attention. He has advocated the acceptance theory of authority along with the concept of the zone of indifference.

His contribution in respect of organizational morals brings in moral codes, the possible conflicts between them and the need at times, to be morally creative in resolving them. It is in this regard that he writes about moral responsibility. In his contribution to humanistic ethics, Barnard blazed a new trail. This elaborate emphasis on the ethical dimension of cooperation singles him out for doing what others, before and after him, failed to do. His management thought, inclusive of his ethical humanism and theory of formal organization have proved that he was not only a business executive, but a man of vision, a humanist, a practical realist and theorist whose major work *The Functions of the Executive* is a path breaker in more ways than one.

**Reading List**


Dr Marina Rita Pinto is a former Professor of Public Administration, University of Mumbai. She has had a brilliant academic career, having secured the first rank in the BA and MA examinations of this university. She has also been the recipient of many prizes, including the Sir William Wedderburn Scholarship of the Mumbai University and the Haldane Essay Competition prize of the Royal Institute of Public Administration, London. She has served the cause of the discipline of Public Administration for well nigh 5 decades, through her teaching, research, papers presented at national and international conferences and articles contributed to reputed journals. She has 8 books, 2 monographs and several research projects to her credit. She was awarded the P. S. Ramaswamy Memorial Best Teacher Award by the South Indian Education Society in 2010 in appreciation of her immense contribution to education and the Paul H. Appleby Award by the Indian Institute of Public Administration in 2011 for outstanding services to the Institute and the field of Public Administration.
She is a specialist in Public Administration and is engaged in activities of professional and Governmental bodies and has recently concluded a research project on Women Administrators of Maharashtra.

Name: Dr. Marina Rita Pinto
Designation: Professor of Public Administration (Retd.)
Department of Civics and Politics
University of Mumbai

Address: 4 Marienelle
210 S. K. Bole Road
Dadar (W), Mumbai 400 028

Bank Details: Bank of Maharashtra
Gokhale Road, Dadar Branch

Account No.: S/B A/c No. 20048190031
PAN Card No.: ACZPP2140B