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Oikos: The Two Faces of Organization. By Leonardo R. Silos. Manila: Asian Institute of Management, 1991. ix, 249 pages.

"Oikos" will be Greek to many readers; it *is* the Greek word for family and household (also house) whose underlying management assumptions should be brought back to the business firm, Professor Silos explains. He says he has set out to write not a "how-to book. [Rather it] probes into what how-to books generally presuppose, fundamental assumptions" (p. 8). Later, he states, "We have tried in this analysis to contribute to a theory of the firm that is an 'interpretative reconstruction of the constructions of the human spirit'" (p. 221). In between, the author undertakes a selective but intensive review of the literature relevant to organizations, at the same time that he develops his argument. The book is informative; its prose is generally pleasant. Its importance is underscored by the introduction having been written by Dr. Sixto K. Roxas, and its publication by the Asian Institute of Management. It deserves attention if only as arguably the first sustained and formal presentation on organizational theory written and published locally.

The Presentation

The "two faces of organization" are derived from the business firm's provisions for achieving its economic goals and for serving the welfare of its members. These concerns are addressed differently by two major organizational models that developed from different sets of assumptions and that are examined in the book. The first such model is the impersonal bureaucracy, first described by the German sociologist, Max Weber; in the business firm, its goals are narrowly focused and economic. The second is the "clan," which is traditional and personal; its goals are more diffused, as in the household.

Accordingly, much of Chapter 1 is devoted to a discussion of the Weberian bureaucracy, whose characteristics are described thus:

1. There is the principle of jurisdictional areas.
2. It has a hierarchy, a clearly established system of super- and sub- ordination.

3. The management of the modern office is based on written documents (the "files").
4. Office management usually presupposes a field of specialization.
5. The office demands full-time officials.
6. The management of the office follows general rules. (pp. 19–20)

But these characteristics are said to flow from the "bureaucratic premise" which stresses the impersonality and rationality of the organization. When bureaucracy arose in Europe the fundamental premise was a departure from the organization associated with tradition.

How did this change come about?

Calvinism formulated the doctrine where, in God's plan, some are destined for eternal happiness, others for eternal death. The inevitable question for the believer was, "Am I one of the elect?" Fortunately, one could see some answer in personal economic success. Thus, adherents took to economic activity not for earthly rewards themselves but as a "calling." The accumulation of wealth became an ethically justified end in itself. This Protestant ethic, later secularized, gave rise to the "spirit of capitalism." So goes the familiar Weberian argument.

Silos pushes the argument farther. The same ethic also gave rise to the bureaucracy characterized by impersonal relationships among participants, governed by impersonal rules and pursuing impersonal goals. In the American firm:

The individual salvation of the Protestant ethic became the material success [of the firm], 'the more and more money,' of the individual capitalist, which in turn became the profit goal of the business firm. Hard work became organizational performance, thrift became cost efficiency and individual competitive struggle became competition with other firms. . . . the cool, unemotional, calculating, rational pursuit of the impersonal purpose (p. 31).

But the change in the construction of organizations could not be complete, nor be carried through to logical reaches, as the presumably natural pressures of the traditional and personal would continually be observed by managers and researchers.

This is one note that runs through the review of the literature on bureaucracy after Weber. In Chapter 2, two landmark studies are summarized. These are the works of Frederick Taylor, the exponent of the "scientific" school of management; and the Hawthorne experiments, which gave rise to the "human relations" school. In Chapter 2 through Chapter 5 the review continues with the works of well-known authors: Herbert Simon, Abraham Maslow, Donald McGregor, Frederick Herzberg, Rensis Likert, the Tavistock researchers, Henry Mintzberg, and David McClelland.

The description of the model based on "the other face" of organization is made in Chapters 6–7. In the family the father exercises authority over his children. The type of authority resembling that of the father's which the superordinate exercises over his subordinate is called paternalism; it is synonymous with patriarchalism, feudalism, and family system. The concept carries a negative connotation largely because of its exercise in the political realm. The French revolution rejected the paternalistic type of government authority, and the Enlightenment philosophers provided the theoretical basis for a new social order: "to replace the complex of traditional customs governing the social order of the day by simple, elementary rules deriving from the exercise of the human reason and natural law" (Tocqueville quoted on p. 120). The ideology of the new order, based on reason not tradition, entered Western managerial thought.

Paternalism's positive features were neglected. Its distinctive characteristic is personalism. In the family it is the person not the role or position, the family itself not the activities it performs, that are important. The person takes precedence over the organization and its purpose. Norms are based on customs and tradition. Loyalty and assistance among members are reciprocal. In the firm, paternalism takes on the added features of management providing benefits beyond those stipulated in contractual arrangements; and workers responding with compliance to organizational rules, and a preference for more particularistic and diffused relationship with management. Hence paternalism is not necessarily exploitative nor the benevolence in it arbitrary. Nonetheless the author suggests the use of the term "clan" in its place. The term is more neutral; it also focuses on the group itself, not just the superior.

The Japanese believed that problems of employer-employee relationships could be controlled more effectively by traditional "familial concepts of benevolence and reciprocity" than by legislation and pressure from labor groups. From this ideology and overarching premise flows the characteristics of the Japanese organization:

> . . . recruitment procedures that look at the person rather than specific abilities of recruits; lifetime employment; participative and consensus decision-making; continuous training; job rotation; seniority-based and across-the-board reward systems; benefits that are unconnected to performance; a bonus system that is a sharing in the performance of the organization as a whole rather than as a reward of individual performance; the diffuse and particularistic, rather than functionally specific, relationships; involvement in the lives of the workers outside the workplace. (pp. 142–43).

These practices form part of the clan structure; they are not accommodations made by Weberian bureaucratic managers.

There is a chapter on "convergence and contingency theory" (Robert Blake and Jane Mouton, Rosabeth Moss Kanter, Harvey Leibenstein). Then another summarizes the author's argument for a real convergence of the impersonal and personal organization. The last chapter is an epilogue.

Discussion

The book's main strength is its attempt to separate the traditional or "clan,"[1] model, from the bureaucratic model not just in characteristics but, more important, in summative principles. This position gives the author a vantage point from which to give a fresh critique of the history of organizational theory and to highlight important points that may not have been given sufficient attention by previous writers. Thus bureaucratic studies, even Taylor's, show the intrusion of traditional characteristics in the rational. In the concrete also, firms make adjustments toward the traditional, although managers and bureaucratic writers have retained the bureaucratic premise. The human relations school and related schools of thought receive the author's approval because their research findings signal a "paradigm shift," in the direction that he proposes.[2] Convergence theory is laudable if it means the movement of both bureaucracy and the traditional-personal towards some middle ground, not just towards the Western system. Contingency theory is acceptable because it does not recognize universalist management principles (which usually make Western norms the criteria for all), and argues for the use of common sense in the choice of currently available models to fit particular situations; this presumably gives clan models a chance to compete with other models. The emergence of a new school of thought to develop a "human science" is a good thing because it weans the study of man, his thoughts, actions and creations away from the narrow approaches of the natural scientist and the positivist and introduces the notion of "meaning," values, culture, and related concepts into the enterprise. In the study of the firm the human factor becomes a central focus.

The book has its ambiguities. The discussion that follows focuses on several such points.

Specifying the relationship between the Protestant ethic and bureaucracy is important to some of the author's major contentions. For if the spirit of bureaucracy was contingent on the Protestant ethic, then the validity of the subsequent propositions becomes self-evident. The compelling mutant religious ethic helps explain why the West made a tangential digression from the "natural" organization. This change, in turn, helps explain many of the problems of Western organizations and their copies elsewhere: the tension between the traditional and the new rationality, personalism and impersonalism. It also helps explain the success of the Japanese organization which, not having been infected by the ethic or its equivalent, has retained the traditional. If, however, the hypothesized relationship is not confirmed, the

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succeeding propositions dangle as loosely as insightful participles have the distressing habit of doing.

The relationship is discussed in Chapter 1. In particular, the author says that the Protestant ethic is "the spirit animating the bureaucracy"; it is "the soul of the bureaucracy." Interestingly, he sees a parallel between the spirit of capitalism and the spirit of bureaucracy. Each is related to the Protestant ethic; each may also exist structurally and exhibit the appropriate characteristics without the spirit.

Weber delineated each of the three concepts, and provided the basic analyses and observations behind them; these are not challenged in the book. Hence it is appropriate to ask why Weber himself did not explicitate the same relationship that Silos now sees. The reason seems to be that Weber saw bureaucracy as moving in different time and analytical frames.[3] He refers to political and religious bureaucracies that go far back in time; the bureaucratization of the government apparatuses of ancient Egypt and of the Roman Empire is mentioned. The business firm is also mentioned but it is not a focal point in the analysis. Even so, Weber says that the process of separating the office from the "private domicile" in the firm began as early as the Middle Ages. In sum, Weber saw *bureaucracy* (not some other organization, or the business firm in particular) developing well before sixteenth century Calvinism and the Protestant ethic.

Further, the new ethic is superfluous as an explanation when the development of bureaucracy is seen in the context of the more general process of change in modern Western society as viewed by Weber. In this process goal-oriented rationality dominates behavior and societal institutions on a broad front; previously tradition, spontaneity and value-oriented rationality had been the prime movers. The emergence of a goal-oriented, rational and impersonal bureaucracy may be seen as part of this wide-ranging change process. Bureaucracy survived in the competition with existing traditional organizations—called patriarchalism by Weber, paternalism by Silos—because it had an adaptive advantage. It could achieve maximum efficiency in realizing narrowly defined goals. Indeed Weber saw bureaucracy as superior to other forms of organizations as the machine is to non-mechanical production devices.

Why is it that even the family firm does not always operate as a clan or "family system" organization? Silos explains. First the virtues of impersonal bureaucracies have become well propagated. Second, managers, or consultants, generally act from assumptions derived from the rational-impersonal model. Third, the family system is not well understood, hence is vulnerable to attack by opposing systems. Grant for the moment that the observations themselves are valid. Yet, when one considers that (1) the family system, as part of traditional society, has the likely advantage of having been in place earlier than bureaucracy, (2) that most organizational participants come

from some family form and should be familiar with the way this form, or something resembling it, or some derivative, operates, and (3) when one accepts the author's portrait of the family system as "natural" and more human compared to the harsh bureaucratic system—then one is forced to look for a stronger, perhaps a Weberian mechanical-vs.-nonmechanical, type of explanation for the family system yielding its prior position to bureaucracy.

The author points to the Japanese organization as an example of the clan model, and its success as demonstrating the clan's competitiveness.[4] Stated thus, the proposition is easy to accept. One wishes nonetheless that the author had been more demanding on the available data. As it is, Silos himself reports M. Y. Yoshino—whose work is a major data source—as believing that postwar Japanese management has become more "professional" (read: more "bureaucratic"). Silos disagrees with this judgment. But the fact that Yoshino, looking at his own data, comes to a conclusion different from Silos' (as does James Abegglen, whose works are mentioned in passing) does suggest that a more comprehensive analysis is needed for a more precise evaluation of the Japanese firm.

Silos adds to the ambiguity in the points at issue when he says later, "Whether the Japanese enterprise is turning into the Western model is no longer very relevant" (p. 225). He only doubts that the new enterprises could be as effective as the traditional ones. But is it not relevant to his argument that the Japanese would trade a clan model of proven success for a flawed Western bureaucracy? (The movement among Western organizations towards more personal models that Silos notes is marginally relevant in that he himself is not certain that this represents a shift from the "bureaucratic premise".)

Extension

Despite the difficulties with the analysis that accompanies it, Silos' model of the "clan" is too important to pass over lightly. It is perhaps sufficient that in his first book on the subject he has put the relevant propositions on the table. They point to the direction for further work, the type that cuts through the ground data, gets at the all-encompassing features, and detects paradigmatic shifts. This is the challenging and important intellectual enterprise of theorizing on a grand scale. Such an enterprise of course entails commensurate risk.

If the success of select Japanese firms demonstrates anything it is simply that a non-Western, organizational model has been competitive at least at a certain period in the development of the society in which it is found. This raises the possibility of still *other* models performing just as well. These alternatives may be variants of Weberian bureaucracy, or they may be inde-

pendent organizations. They may be culture- (or culture area-) bound, although selective exchange of traits from among different models should be expected. In any case, these possible models are valid targets for verification. In Asia their existence may be checked by looking systematically at the organizational systems that various peoples in the region—Chinese, Filipino, Indian, Indonesian, Korean, Malaysian, Singaporean, Thai, etc.—have developed and are developing. Already, the same close scrutiny that industrializing Asian nations have given the Western organizational models is being trained on the Japanese model. Some Asians may understandably assume their organizations to have more closeness of fit with the Japanese model; yet the observation made by an International Labor Organization official that "the Japanese model [is] for the most part just as alien to many Asian countries as Western models," (Clad 1983, 78) has an eminently sensible ring to it. A recent book that reportedly surveys Asian management of successful businesses includes a focus on the Chinese style of management; it is also said to have found "that many East Asian business methods are borrowed from Western textbooks and adapted to local conditions with a good dollop of old-fashioned common sense" (Cheng 1991, 43). The problems that Philippine organizations have had with Western models, the adaptations that have been made, and the prospects for the Filipino organization of the future have been discussed in a number of works (see for instance Jocano 1988; Arce and Poblador 1977, 5–29; Kassarjian and Stringer 1971, 451–62).

But the verification process of the possibilities suggested here will call for a closer look at the data already available, and for continued systematic empirical research. Some of the more fruitful approaches for research and analysis include the kind called "grounded research"—where hypotheses and theories are evolved at the same time that data are collected—that Schlegel in anthropology has advocated; or one that proceeds from *"theories of the middle range:* theories intermediate to the minor working hypotheses evolved in abundance during the day-by-day routines of research" and grand theories, that Merton in sociology espouses (Schlegel 1974, 5–6; Merton 1957, 5–6).

Further research along these lines may or may not provide answers to paradigmatic questions that seem to interest scholars like Professor Silos. They should at least contribute to further systematic understanding of organizations in this part of the world. [5]

Notes

1. William G. Ouchi (1981, 70–74, 234) also applies the term "clan" to the authority structure in Japanese organizations and borrows Emile Durkheim's definition. "In this usage, a disorganized aggregation of individuals is a *horde,* the smallest unit is a *band,* and the *clan* is a group of bands. A clan is an intimate association of individuals who are associated to each other through a variety of ties. The members of a clan

may or may not share blood relations. Here I refer to an intimate group of industrial workers who know one another well but who typically do not share blood relations.

2. The criticisms that have been directed against these schools of thought are worth recalling. They paint an unrealistically happy picture of the organization and they have helped management present manipulative schemes to the workers under the guise of concern for their welfare. They fail to see that organizations have within them different groups with genuine differences in interests. Conflict—between individual goals and organizational goals, between management and labor, for instance—can be functional in that it can lead to negotiated adjustments, settlements, and ultimately genuine organizational peace based on a more realistic view of the organization. See Goss and Etzioni (1985, 66–73).

3. The basic reference used in this part of the discussion is Weber (1958).

4. The fact that the successful Japanese firms often held up as models are actually a select group in more ways than their being successful needs restating, if only for a more realistic appreciation of the model and the larger system in which it thrives. These firms are the *zaibatsu*, the "majors" in the highly stratified world of business firms. They give the famed lifetime employment to about 35 percent of the total labor force. These firms typically employ a large number of workers on a temporary basis; most are women who are rarely admitted into professional or managerial jobs. They receive financial and other kinds of protection that other firms do not. The others are "satellite" firms, tied in clusters around each major firm by subcontractual arrangements. They employ much of the balance of the labor force, but do not give the same benefits as the majors. They often take in, by arrangement, retired executives from the majors, thus forcing their own younger executives to wait for their promotions. When these latter executives retire they own move in with the families of their eldest sons or operate noodle shops. See Ouchi (1981, 15–22).

5. The use of the term "organizations" is deliberate; it is to be distinguished from management or management systems, the perspective from which many organizational studies have been written. The distinction is made for purposes of clarity only; no criticism against management studies is thereby intended.

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