Title
Coalitions in the organizational context

Permalink
https://escholarship.org/uc/item/79c4s0pr

Authors
Pearce, JL
Stevenson, WB
Porter, LW

Publication Date
1986

Copyright Information

COALITIONS IN THE ORGANIZATIONAL CONTEXT

Jone L. Pearce, William B. Stevenson, and Lyman W. Porter

The concept of "coalition" has been prominent in the organizational literature for more than 25 years (March & Simon, 1958; Thompson & McEwen, 1958). However, the concept has been applied inconsistently and frequently has been a secondary subject of attention by those with primary interests in studying other organizational phenomena. Furthermore, despite the existence of research on coalitions in social psychology and political science, the organizational context—we contend—makes generalizations from the findings in these other fields tenuous. The focus of the present paper is on: (1) a review and critique of the use of the term coalition in the field of organizational behavior; and (2) an elaboration of the features of the organizational context that strongly affect conclusions regarding the origins, nature and impact of coalitions. (For a more complete version of the first section of this paper that reviews the historical usage of the concept, see Stevenson, Pearce & Porter, 1985.)

Research on Negotiation in Organizations, Volume 1, pages 97–115.

ISBN: 0-89232-638-7

REVIEW OF COALITION THEORY IN ORGANIZATIONAL BEHAVIOR

Early Organization Theorists

The idea that individuals may band together within organizations to form coalitions was first proposed in reaction to the assumption that organizations have simple well-defined goals. Early, "classical" approaches to management essentially ignored the existence of multiple, possibly conflicting, and often ambiguous goals in organizations that laid the groundwork for possible coalitional behavior. It was assumed that the goals of the organization were clearly established (e.g., Gulick & Urwick, 1937; Weber, 1946). In 1958, however, March and Simon, building upon Simon's work, introduced the idea of possible conflict within the organization over purposes. However, although March and Simon in their 1958 book *Organizations* raised the issue of conflict within organizations and briefly discussed coalitions between organizations, they never mentioned coalitions *within* the organization.

The first specific focus on coalitions within organizations can be attributed to Cyert and March (summarized in Cyert & March, 1963; March, 1962). According to Cyert and March, coalitions composed of employees, managers, stockholders, etc., are shifting and unstable, but "over a specified (relatively brief) period of time we can identify the major coalition members; or, for a particular decision we can identify the major coalition members" (1963, p. 27). Thus, if shifting coalitions are influencing decisions, goal setting and problem solving processes are less stable, predictable, and well-defined than assumed by earlier management theorists. In addition, Cyert and March argued that different coalitions may pursue conflicting goals, and organizations may encompass a variety of possibly conflicting and inconsistent goals by sequentially pursuing them.

It is important to note that Cyert and March did not distinguish between the organization as *the* coalition and the organization as composed of multiple coalitions striving for dominance. They seemed to equate the firm and the coalition, yet also did not appear to abandon the idea of a number of coalitions within the firm: "We assume a set of coalition members, actual or potential. Whether these members are individuals or groups is unimportant. Some of the possible subsets drawn from this set are viable coalitions" (Cyert & March, 1963, p. 39). It needs to be noted that Cyert and March, who were attempting to develop a theory of goal formation, were not primarily interested in coalitional dynamics. Yet this contradictory usage of the term to mean both subsets vying for control of the organization and as the organization itself has persisted to this day and thus has hindered the theoretical development of the concept in organizational behavior.

The use of the term coalition as a surrogate for the organization is particularly troublesome. To say that a coalition exists would imply that there are some who are not members of this coalition. Coalitions, as they have been traditionally conceived, are temporary alliances among some subset of the involved parties. Yet, Cyert and March (1963) and others subsequently have used the term to include all who have a stake, all who gain some benefit from their participation in the organization. If coalitions include all suppliers, customers, employees and stockholders, the term becomes simply a label for the collection of all stakeholders, and it has relatively little utility. Readers are left with the somewhat vague notion that an organization is simply a negotiated order. Although this is probably preferable to the classic assumptions of a mandated order, we propose that the use of the term to label the collection of all organizational stakeholders be abandoned, and that its use be confined to a particular type of subset of organizational members.

Thompson (1967) adopted Cyert and March's coalition concept (coining the term "dominant coalition," 1967, p. 130) and hypothesized that coalitions are constrained by the characteristics of the organization's technology and environment. Thompson also provided some insight into the relationship between the organization's technology and environment as sources of power leading to coalitions. However, he did not draw the connection between his discussion of coalitions and his propositions about technology and environment as sources of contingencies. The specific variables that might lead to the process of coalition formation are absent from Thompson's formulation.

Coalitions and Organizational Influence Processes

After Thompson (1967), the concept of organizational coalition virtually disappears from the literature until the interest in political processes in organizations began to emerge about a decade later. This interest in political processes resulted in a focus on the integration of the organizational and individual levels of analysis that relies on theoretical models of coalition building from social psychology and political science, as well as Cyert and March (1963) and Thompson (1967). However, despite renewed interest in the concept in the late 1970s, it continued to be used inconsistently from one author to another author.

Many of those theorists interested in a political analysis of the processes by which individual preferences are translated into organizational policy and action mention coalitions, but do not undertake a systematic exploration of the roles of coalitions in organizations (e.g., Bucher, 1970; Duncan, 1976; Farrell & Petersen, 1982; Hickson, Butler, Axelsson, & Wilson, 1978). For example, those analyzing organizational effectiveness have borrowed Thompson's notion of the dominant coalition to characterize strategic decision-making in organizations. However, it appears that many researchers who retain the definition of the dominant coalition as a cross-section of constituencies in fact only measure the effectiveness expectations of top management (Cameron, 1978) or influential governing board directors (Pearce & DeNisi, 1983). Such a collection of individuals may well dominate policy making in the organization, but referring to them as a coalition is potentially misleading. It lends an aura of conspiracy to the fulfillment of formal responsibilities.

Frequently the term coalition is used as a shorthand way to indicate assumptions that people are self-interested and that influence is not confined solely to hierarchical commands (c.f., Hickson et al., 1978; Pfeffer & Salancik, 1977). For example, Mintzberg (1983) recently used the term prominently in his analysis of power and organizations. He takes care in defining his use of the term coalition, but his usage (following Cyert & March, 1963) is so broad that it can include any individuals or groups that may have an interest in organizational activity. For instance, he calls the owners, suppliers, clients, competitors, employee associations, the public, and government the "external coalition." This usage of the term coalition as a label to evoke images of political brokering, rather than to refer to an empirically verifiable organizational feature, implies that coalitions are important without providing any explicit testable conceptualization.

To summarize, this short overview of the historical development of the concept of coalitions in organizations indicates that it has been most often used by theorists and researchers focusing on *other* organizational topics: Cyert and March (1963) address the problem of organizational goal formation; Thompson (1967) is concerned with the ways in which organizations are constrained by choices of domain and technology; organizational effectiveness researchers (e.g., Goodman & Pennings, 1977) focus on methods to evaluate organizational performance. Hence, it is not surprising that the concept often has been treated in a superficial manner, used in several different ways, and applied without building systematically on predecessors' works.

A Definition of Organizational Coalitions

One of the most striking features of the literature on organizational coalitions is the variety of meanings this term has come to assume. These differences concern such fundamental issues as whether or not the participants are interest groups or individuals, whether participants must interact, and whether or not they must have the same goal for the coalition. Furthermore, there appear to be two distinct approaches to conceptualizating coalitions; the use of the term to mean "engineered agreements and alliances" (e.g., Bucher, 1970; Bacharach & Lawler, 1980) can be distinguished from its use to refer to a collectivity with an interest or stake in some organizational action (e.g., Cyert & March, 1963; Mintzberg, 1983). As noted above, the latter use is more a label than an empirically verifiable concept, so the definition of coalition adopted here is consistent with the former approach. Following Stevenson et al. (1985), coalitions will be characterized as a particular kind of informal group.

1. *An interacting group of individuals.* Coalitions are posited to consist of members that communicate among themselves about coalition issue(s). This is not intended to imply that *all* coalition participants must be present during all coalition communications (and is, therefore, consistent with Murninghan's process analysis in this volume), but is intended to exclude individuals who may want the same outcomes but who are independently seeking to influence decisions.
2. *Deliberately constructed.* Coalitions are considered to be explicitly and self-consciously created and managed for a particular purpose(s).
3. *Independent of the formal structure.* It is suggested that it is necessary to define coalitions as independent from formal organizational departments, committees, or task forces, because once a group has been formally designated, it has a mandate to pursue the goals of the appointing authority. This does not mean that membership in coalitions and formal units are necessarily mutually exclusive. In practice it may be difficult to distinguish the two when, to cite two examples, members of formal units may "use" their positions to pressure for their own ends or coalitions are "formalized" by upper management by nominating their members to a committee to address the issues raised by the coalition.
4. *Lacking their own internal formal structure.* Although coalitions, like other informal groups, would be likely to develop an informal role structure, they lack a hierarchy of formal legitimate authority that is expected to be independent of the particular individuals involved. Therefore, coalitions are more dependent on persuasion and lack the stability of formal bodies such as labor unions.
5. *Consisting of mutually perceived membership.* Although all coalitional members may not have communicated directly with all other members, they should have some, even if ill defined, perception of who is or who is not a member of their alliance. It is likely that many organizational coalitions may consist of "core members" of unambiguous membership and a set of others whose membership is subject to some doubt.

6. *Issue oriented.* Coalitions are formed to advance the purposes of their members, and when members cease to interact concerning these purposes or issues they are considered to cease to exist as a coalition, although the group may continue for social purposes.
7. *Focusing on a goal or goals external to the coalition.* The issues addressed by the coalition need to be external to the coalition itself; that is, coalitions form to influence the decision of some external agent or body. In addition, coalitions could be expected to be both proactive—originating actions—and reactive—reacting to the actions of others.
8. *Requiring concerted member action.* Central to this definition of a coalition is that it must act "as a group," through either group actions (e.g., jointly signed memorandum) or orchestrated member action (e.g., advance coordination of statements of members at a meeting). These actions can be as subtle as having one member refrain from an action because another has done it. This feature is intended to distinguish coalition from purely social groups that might commiserate together about their problems but never take joint or orchestrated action about them.

These eight defining characteristics can be used to compare this definition with that of others offered in this volume. It is consistent with that offered by Miller and Komorita (this volume), who emphasize that there must be nonmembers and that there is often uncertainty about success (see next section of this chapter). The only difference are those of emphasis—they focus on the inherent conflict-cooperation element of coalition membership in those circumstances in which "winnings" can or must be divided among individual members. Likewise, the present definition of coalitions, like that offered by Cobb (this volume), emphasizes that action taken to influence others distinguishes coalitions from other kinds of informal groups. Finally, there are several salient similarities and differences between the definition offered here and that of Murnighan (this volume). Both Cobb and Murnighan emphasize that organizational coalitions can often be expected to be unstable and that members may assume differentiated roles within these informal groups. However, whereas Murnighan suggests that formal groups can be "relatively permanent" coalitions, we find it more useful to distinguish group action in the service of outside authority (formal group action) from group action in the service of the group itself, while acknowledging that formal groups can contain informal coalitions. Further, while Murnighan provides an insightful exploration of the dynamics of coalitions composed of sequential dyads, we suggest that coalitions may also be built on preexisting groups as well as on negotiations among individuals (see Stevenson et al., 1985, for further discussion).

Beginning an Organization Theory of Coalitions

The first attempts to develop theories of coalitions that are cognizant of the organizational context come from Pfeffer (1981) and Bacharach and Lawler (1980). These theorists draw on experimental work in social psychology and political science but note, appropriately, that propositions from this body of knowledge may have only limited applicability in organizations.

Pfeffer's (1981) discussion of organizational coalitions builds on his earlier work (Pfeffer, 1977; Pfeffer & Salancik, 1977; Pfeffer & Salancik, 1978). He considers coalitions to consist of individual building and mobilizing support among those who already agree on a certain outcome and suggests several important characteristics of such coalitions. For example, he hypothesizes that organizational coalitions, in contrast to legislative groups, will usually be larger than the minimum size necessary because consensus is important in organizations. Organizational decisions are more often increasing sum, rather than zero sum, allowing the losers to get symbolic assurances and other side payments, and the greater the interdependence and more scarce the resources, the greater the coalition activity. However, as he himself notes, his discussion is not intended to be comprehensive and suggests: "What this means is that although the analysis of coalition formation and coalition behavior in organizations can start with ideas from political science, it will have to develop its own theory and empirical base because of the difference between organizational contexts and legislative and small-group contexts" (1981, p. 157).

Bacharach and Lawler (1980) develop a detailed set of hypotheses concerning coalition formation in organizations. They differ from Pfeffer (1981) in their more abstract discussion and more complete reliance on social psychological and political science theories. For example, much of their discussion centers on idealized "upper, middle, and lower hierarchical levels" bargaining as individual actors in a triad. However, these authors have not simply recast previous models from social psychology and political science using organizational labels; they have adapted them to the organizational context by their focus on the process of bargaining, the activities of nonwinning coalitions, and the effects of vertical authority on coalitions.

Pfeffer (1981) and Bacharach and Lawler (1980) have made important contributions to our understanding of coalitions in organizations. Unfortunately, however, an examination of their initial steps reflects the conceptual weakness of the organizational behavior counterpart to the more conceptually and empirically developed treatments in social psychology and political science. Pfeffer's (1981) and Bacharach and Lawler's (1980) pioneering works are an important beginning. The next step is more detailed attention to the relevant features of the organizational context and their potential impact on the formation, development and consequences of coalitions.

THE ORGANIZATIONAL CONTEXT

The organizational context of coalitional activity in organizations can be characterized by four general features—imperfect knowledge, formal structure, varying organizational cultures, and the dynamic nature of organizations. These features also distinguish the laboratory from organizational settings. The following is not intended to be a critique of the ecological validity of laboratory research (see Schlenker & Bonoma, 1978), but, rather, a discussion of issues that need to be addressed in generalizing theories developed in other settings and a series of suggestions for further research in the organizational setting.

Imperfect Knowledge

As Murnighan and Vollrath (1984) note, an assumption of formal game theory is that:

> Actors have complete information about the game they are playing. In particular they will be completely informed about the possible strategies they can choose, the strategies of the other players, the outcomes of any combination of strategies, and people's choices as they are made (p. 158).

Murnighan and Vollrath go on to loosen this assumption (following Simon, 1957) for organizations to the assumption that "players" will act on as much information as they hold. Although this is undoubtedly true, the more important issue is the impact of this imperfect knowledge on coalition activity. The problem of imperfect knowledge in organizations is particularly applicable to three factors affecting coalition processes: knowledge of resources, commitment of coalition members, and the probabilty of coalition success.

Usually, members in organizational coalitions are uncertain about who is "playing," what "resources" they hold, and often about whether or not they have "won." Their knowledge is limited by the complexity and size of organizations, which make the number of potential players quite large and diverse. Furthermore, "resources" are indeterminate (e.g., "power;" "future resistance"). In addition, perceptions among players vary regarding such fundamental issues as commitment, i.e., who is "in" and who is "out" of the coalition. Or, more realistically, "how in" are they? Will they "go to the wall," "go to bat," "not oppose," or any of the other myriad of variations of support that a coalition partner can offer.

The imperfect knowledge of organizational coalition participants is not a trivial issue. If other organizational members do not know what a participant knows (how he or she analyzes the situation), they cannot predict accurately behavior in a given situation. This difficulty in predicting another's actions makes coalition participation a very risky undertaking for them.

What is even more critical, under these circumstances theorists cannot predict the actions of coalition participants. If the feasible set of coalition participants is not known and the "amount of resources" potential participants hold is indeterminate, game theory, in its present stage of development, cannot predict whether or not coalitions will form. There are, of course, many circumstances in which the population of potential participants and their resources are knowable (e.g., legislatures); these circumstances are, however, the exception to the rule in organizations.

Implications for Organizational Research

It is significant that recent lab research has relaxed the assumptions of perfect knowledge about resources, commitment, and the probability of success. Miller and Komorita make the cogent observation that lab studies in which resources are arbitrarily allocated to participants are unrealistic in that participants neither earn nor invest their own resources. Lacking any simulated experience with other participants that would reveal who has earned or invested more resources, participants in these experiments are likely to ignore the norm of equity dictating that payoffs to individuals should equal resources invested. Miller and Komorita review lab research that has incorporated earned resources and find that earned resources have significant effects on payoffs. They speculate that normative considerations of equity influence payoffs in the laboratory setting. This begins to approximate the organizational situation in which normative behavior as well as rational calculation of benefits can influence the formation of coalitions, and in which senior or higher ranking members of organizations may join coalitions with the expectation that they will gain a higher proportion of rewards. Nonetheless, the auditing of behavior in coalitions on the basis of the ratio of contributions to benefits must remain highly imprecise, giving rise to the problems of "free riders" who contribute little but gain from membership (Olson, 1965), and other opportunistic behavior (Williamson, 1975). Thus, the utility of rational decision-making models based on the assumption of action motivated by the calculation of cost/benefit ratios in the organizational context has been under question in recent years (March & Olsen, 1976).

Miller and Komorita also note in their chapter that most lab studies have focused on side payments of easily divisible resources such as money or points and have not considered less easily divisible resources such as ideological or attitudinal preferences that might affect commitment to the coalition. However, in Miller's research, as discussed in his joint chapter, ideological preferences, when incorporated into laboratory experiments, did affect coalition formation. A further less easily divisible attitudinal variable affecting commitment that is more often discussed in the organizational context is the increase in certainty that a participant gains from interacting with the same people over time. Under conditions of uncertainty, it has been hypothesized (Cook & Emerson, 1984) that commitment between transaction partners will increase in an attempt to reduce uncertainty. This presents particular problems to boundary-spanning organizational members who want to avoid the uncertainty of constantly renegotiating contracts in the marketplace and may develop continuing commitments to actors outside the organization. This splitting of loyalties between organization and outside clients may be suboptimal for the organization, and organizations may take action, e.g., rotating sales personnel, to reduce the negative effects of divided loyalties (Cook & Emerson, 1984). This suggests that imperfect knowledge in general, or uncertainty, may increase the likelihood of coalition formation and increase the commitment of organizational members to the coalition in the organizational context. At the same time, those excluded from the coalition may perceive that the loyalties of the coalition members are more to the coalition and less to the organization, and attempts may be made to disrupt or disband the coalition.

Finally, Miller and Komorita review in their chapter recent laboratory research in which coalitions that are formed have only a probability rather than a certainty of winning the game. Under these conditions, the "strength is weakness" principle that the most likely coalition to form contains the smallest number of people with the smallest but winning combination of resources does not seem to apply. Rather the "strength is strength" principle that the greater the combined resources the more likely the success for the coalition seems to be more relevant. This is similar to Pfeffer's (1981) prediction that, in the organizational context, it may be politically astute for coalition organizers to include a large number of members in order to coopt a large part of the organization into the coalition's agenda. Thus, political considerations of power and legitimacy of coalition actions may affect the size of coalitions in the organizational context. Furthermore, Murnighan suggests that interchangeability of potential members may affect which coalition formation principle may hold. Thus, when actors are interchangeable, coalition organizers will prefer the smallest coalition with the weakest members as partners so that the organizers can reap the most benefits. This may only be true in certain limited situations. Murnighan suggested that when subordinates are interchangeable, the superior would want to coopt the weakest most agreeable subordinate. However, organizational members are seldom interchangeable. Perhaps subordinates occupying a large number of similar positions under conditions of high turnover that would prevent the accumulation of organizational skill and knowledge may be somewhat interchangeable. However, even under these conditions, it would seem wise for the supervisor to coopt a large number of subordinates to forestall the formation of counterbalancing coalitions among subordinates who may perceive a common interest and form coalitions to overcome their joint powerlessness.

Formal Structure

In contrast to the laboratory or the legislative arena, organizations provide a particular framework for interaction, resource distribution, and decision making through the formal, hierarchical assignment of tasks, authority and responsibility. This hierarchical framework usually is given rather than created by the participants, suggesting a certain somewhat arbitrary set of interactions will be imposed on the participants. These essentially nonvoluntary interactions may affect the likelihood of forming coalitions, and imply that the organization bestows more power, information, resources, control of sanctions, and authority on the more highly placed members.

Organizational hierarchies impose interactions of both a "vertical" and a "horizontal" nature. The vertical (supervisor-subordinate) relationship has been addressed by Bacharach and Lawler (1980) and Murnighan and Vollrath (1984) as variations in the proportion of resources allocated to participants, with the usual assumption that supervisors or upper-level management are allocated relatively more. We suggest that the game analogy does not sufficiently capture the complexities of the authority relationship. Authority is a contract in which subordinates agree to accept directives as a condition of employment (Simon, 1957). There is no requirement that the supervisor have more "resources" than subordinates. Many organizations with decidedly powerless supervisors continue to flourish (see Pearce's [1980] description of influence in voluntary associations).

Organizations also impose certain "horizontal" relationships on employees. The nature of workflow, skill specialization, and other features of an individual's job influence opportunities for interaction, perceptions of equity, and calculations of the likelihood of successful coalition action. The immediate work group is only one of many possible sources for coalition formation.

Implications for Organizational Research

The majority of laboratory research on coalitions has ignored the fact that coalitions are embedded in a formal structure that limits the flow of information and other resources. In the typical laboratory study, the participants are free to negotiate with any other participant. A significant exception is the study by Cohen, Robinson, and Edwards (1969), in which they experimentally simulated the embeddedness of a group in a larger organizational network of interactions and found that groups in which centralized network arrangements restricted the flow of communications tended to go outside the formal channels of communication, thereby subverting the formal structure of the organization. Cook and her colleagues (Cook & Emerson, 1984; Cook 1982; Cook, Emerson, Gillmore, & Yamagishi, 1983) have uncovered effects on the distribution of power, coalition formation, and the development of commitments by conducting laboratory research in which opportunity to interact between subjects is restricted to certain network patterns by the experimenter. They have found, for example, that the centrality of a position in a network conveys more power to a subject, and availability of alternative network partners also makes the subject less dependent on others.

The limited research that has been done in networks of interactions in the laboratory setting, when combined with organizational research, suggests that the formal structure of the organization has effects on the formation of coalitions. For example, the position in the formal structure that an organizational member occupies may provide veto power over coalitional activity. In game theoretic terms, as Murnighan discusses in his chapter, if one person must be included for the coalition to be successful, then the game is a veto game, with the powerful participant being the veto player. This provides a suggestion for locating coalitions in organizations. The organization chart or preliminary interviews should provide information on the identity of the centrally located members, and interviews with them may provide information on a great deal of the coalitional activity in the organization. Even though these centrally located members are not in the coalition, they may still be aware of who is. Coalitions could be mapped by initially interviewing these potential veto players and snowballing the sample to include other organizational members.

Interactions both vertically and horizontally within the framework of the formal structure are likely to provide the basis for coalitions. Dansereau, Graen, & Haga (1975) have found that vertical interaction between supervisors and subordinates often develops into "vertical dyad linkages." That is, supervisors tend to interact more often with a small subset of their subordinates and rely upon them for information and accomplishment of the majority of the work. These vertical dyads may represent the potential for the joining of dyads into a coalition, particularly in the face of external threat to the unit. The horizontal division of labor may also provide the foundations of coalitions. Hickson, Hingings, Lee, Schneck, & Pennings (1971) have found that units controlling strategic contingencies enjoy more influence in the organization. Coalitions that form horizontally across the organizations may have to include these veto players or, conversely, coalitions of other members may arise to counter their veto.

Organizational Culture

The laboratory or legislative arena encourages coalition bargaining and leads to relatively clear pay-offs. In contrast, in organizations the potential for coalitions to represent a threat to the organization and rewards to the individual can vary depending on the definition of the legitimacy of organized actions outside of the formal structure. Assuming that these definitions can vary depending on an organization's culture, culture being defined here as "the taken-for-granted and shared meanings that people assign to their social surroundings" (Wilkens, 1983), then coalition activity that is accepted in one organization may be penalized in another.

The basis for determining whether activities are legitimate or not is the social definition of the appropriate procedures involving transactions within the organization. Cooperative action within organizations necessarily involves an exchange of goods and services. Procedures, such as formal structure, formal rules, or informal agreements, provide a variety of means for the organization to exert control over these exchanges. Thus, definitions of the relative legitimacy of the procedures involved in exchanges can vary between organizations as well as between societies.

In the bureaucratic organization, as defined by Weber (1946), position in the bureaucratic hierarchy bestows the legitimacy necessary to provide control over exchanges. That is, office holders accept the authority of individuals occupying other bureaucratic offices to audit behavior and determine compensation based on a judgment of the individual's contribution. Thus, in the ideal-typical bureaucracy, demands for resources, based on norms of equity and reciprocity, are satisfied through formal rules and offices. In this situation, going outside of formal channels may be perceived as illegitimate and a threat to the formal allocation mechanisms that are supposed to insure equity. Thus, coalitions may form, but the payoffs may be intentionally disguised or otherwise hidden from general knowledge in order to avoid revealing inequities generated by subverting the formal channels.

Perceptions of equity, reciprocity, and legitimacy are ingrained in the set of cultural beliefs that underlie an organization or a society. For example, in the typical Japanese case, inexperienced young workers are hired, undergo a lengthy socialization process to guarantee an acceptance of the company's goals, and are compensated in terms of years of service, number of dependents, and other criteria unrelated to immediate organizational contributions (Abegglen, 1958; Dore, 1973). This gives rise to what Ouchi

(1980) refers to as a "clan" form of organization in which socialization is relied on for organizational control rather than formal structure. According to Ouchi, it is not necessary to develop clearly defined measures of performance because the employee is socialized into doing what is best for the company.

In contrast to the Weberian bureaucracy, Japanese managers, according to Ouchi and Johnson (1978), rely more on informal communications and less on the authority allocated to formal positions. In this case, it would be expected that coalitions may spontaneously form in reaction to work problems that cut across vaguely defined functional boundaries. This might be true for several reasons. First, less concern for a narrowly defined specialization of function may encourage individuals to interact around problems without regard for formal channels of communication. Second, since compensation is less closely tied to individual performance, there should be less perception of inequity among individuals based on performance that can be remedied by coalition formation. In the extreme "ideal-typical" clan hierarchy, coalitions should form freely in response to organizational problems that cut across functional specialties but payoffs directly to individuals from coalitional activity should be minimal.

Several authors have observed that some American organizations, such as IBM or Hewlett-Packard, are similar to the large Japanese corporation in terms of life time employment, lengthy socialization, and other social mechanisms that are designed to reduce the differences between individual and organizational goals (Ouchi & Johnson, 1978; Peters & Waterman, 1982). This attempt to instill a corporate culture which is more similar to the clan than bureaucratic form of organization may alter employee perceptions of equity and reciprocity and the use of formal structure as a mechanism for distributing resources. For example, anecdotal accounts are related of companies where employees are encouraged to "steal" time from their formal projects and work unofficially with others to develop new products, or project teams are created to compete with each other in developing new products (Peters & Waterman, 1982). These organizations tend to be located in hi-technology industries where team work is common and ambiguity over individual performance is high. Under these conditions, formal rules and structures are less effective as transaction mediating mechanisms, and distinctions between functional areas may be blurred. Coalitional activity may be encouraged under these conditions and payoffs may operate more in the tradition of gift-giving than the immediate payoff of market transactions. That is, as Butler (1983) notes, collaborative arrangements may sometimes appear similar to the gift relationship in which credit in built up over time with the expectation of payoffs at some future point in time. Under these conditions, coalitional activity may be encouraged, with coalitional participants expecting an organizational payoff that may be delayed for an unspecified period of time.

Implications for Organizational Research

The possible effects of culture on organizations suggest that research designed to locate and measure coalitional activity will have to be sensitive to differences in the definition of the legitimacy of coalitional bargaining. Participants in organizations with more routine technologies and stable environments in which management relies a great deal on formal procedures and rules to guide interaction may engage in more hidden coalitional activity when compared to organizations with ambiguous technologies and more dynamic environments in which interactions are more fluid and informal. These latter conditions may encourage clan organizations to develop in which informal coalitions develop easily and openly around technical work problems. However, only further research will reveal whether these clan organizations discourage the formation of coalitions to influence policy.

The Dynamic Nature of Organizations

Organizations differ from many other social settings in that organizational members have a past and future together. Knowledge of the past actions of other members may allow prediction of behavior in the current situation. In addition, knowing that other members will continue to be allies or adversaries may encourage compromise, the dampening of conflict, and the trading off of resources. Thus, compared to the laboratory, coalitional participants in organizations may have less precise information about the situation, particularly in terms of the consequences of their actions, but more knowledge of other organizational participants. As previously discussed, in contradiction to social psychological or political science theories that try to predict the "minimum winning coalition" or optimum arrangement of coalition partners, or assume "strength is weakness," theory in the organizational case will have to consider the advantages and disadvantages of developing more wide ranging support for coalitional activity.

Furthermore, in contrast to the laboratory, a population of organizational participants at any given time will have a variety of pasts and futures. In other words, some individuals will have just entered the organization, some may have had a lengthy tenure, and others may plan on leaving in the immediate future. Given the informal and perhaps illicit nature of coalitional activity, it seems unlikely that individuals who have just entered the organization will be aware of coalitions and able to join them. Individuals who are planning on leaving the organization will have little incentive to participate in coalitions which will generate future payoffs. Therefore, coalitional participants will tend to be those who have been with the organization for some time and plan on staying in the organization. This suggests that organizational turnover may influence coalition formation and in turn be influenced by coalitions. For example, organizations with high turnover may develop a core of employees who stay with the organization and frequently exert influence through informal coalitions. This may discourage new employees who perceive that influence is being exerted by groups that they are only vaguely aware of and are excluded from. This will encourage these employees to leave, thereby perpetuating high turnover and the maintenance of the dominant coalition.

Implications for Organizational Research

The foregoing implies that the time dimension is important in understanding the formation and persistence of coalitions. In the laboratory situation, studies of the development of coalitions can take place over a number of trials. Accounting for the development of coalitions in the organizational context is more problemmatic. Given that it may be difficult to discover coalitions, it is certain to be more difficult to track their progress over time. However, participant observation and intensive case studies of organizations have occasionally revealed the development of coalitions over time. For example, Thurman (1980) observed the development of coalitions in an office through participant observation. Furthermore, it is often assumed that coalitions, being composed of individuals with mixed motives, engaging in activity that may be defined as illegitimate within the organization, are short-lived. However, Stevenson, Wilson, and Schnaubelt (1984) content analyzed the minutes kept by a group of workers who formed a coalition to represent their own interest over a period of more than five years.

CONCLUSIONS

It seems clear that "coalition" has been a concept that has captured the attention of social scientists interested in organizations for at least the past 25 years. Yet, in the mid-1980s, we know little more about how coalitions actually operate in organizations than we did two decades ago. Part of the reason, as we indicated at the outset of this paper, is that the concept has not had a clearly defined meaning in the scholarly literature. A second reason has been that formal theory about coalitions in organizations has been borrowed from two adjacent disciplines—social psychology and political science—but has not until recently been developed as an indigenous part of a comprehensive theory of organizations. The recent conceptual work of Pfeffer and Bacharach and Lawler is, however, a good start in this direction. The paper by Stevenson et al. (1985) also provides some testable propositions. The third reason is probably the most important by far: There has been very little empirical research on coalitions in the organizational setting. Simply stated, there is no substantial body of research. Without this, solidly-based scientific generalizations are difficult if not impossible. In a phrase, theory has not been tested.

The reason that a firm research base has not been developed about how coalitions operate in organizations are probably many, but certainly one of the more important is that they constitute a difficult and elusive target. Since, as noted earlier, in many organizations they are regarded as "illegitimate" to some degree, they are not easily captured by conventional research methods. Also, their boundaries are, by definition, ambiguous. Hence, researchers face some formidable challenges in attempting to gather systematic data about the origin, methods, and consequences of coalitions in the organizational setting. Nevertheless, it appears that to date the level of effort devoted to this topic has been considerably less than it deserves, considering the rather widespread (if somewhat indiscriminate) use of the term in the literature in the past 25 years. It is the purpose of the present paper to help focus more direct attention on how the organizational context may affect the nature and impact of coalitions. Our scientific brother and sister disciplines have provided some provocative hypotheses; it is time to find out whether or not those hypotheses in fact hold up in the fascinating but "messy" organizational setting. We need rigorously collected data on a far larger scale than has been the case to date. Otherwise, we who are interested in organizations might be in danger of borrowing a concept that could turn out to be rather sterile. Hopefully, solid empirical research will demonstrate that there is indeed substance behind such concepts as "coalitions in organizations" and "the dominant coalition."

REFERENCES

Abegglen, J. C. (1958). *The Japanese factory: Aspects of its social organization*. New York: Free Press.

Bacharach, S. B., & Lawler, E. J. (1980). *Power and politics in organizations*. San Francisco: Jossey Bass.

Bucher, R. (1970). Social process and power in a medical school. In M. W. Zald (Ed.). *Power in organization*. Nashville: Vanderbilt Press.

Butler, R. (1983). Control of workflow in organizations: Perspectives from markets, hierarchies, and collectives. *Human Relations*, *36*, 421–440.

Cameron, K. (1978). Measuring organizational effectiveness in institutions of higher educations. *Administrative Science Quarterly*, *23*, 604–629.

Cohen, A. M., Robinson, E. L., & Edwards, J. L. (1969). Experiments in organizational embeddedness. *Administrative Science Quarterly*, *14*, 208–221.

Cook, K. S. (1982). Network structures from an exchange perspective. In P. V. Mousden & N. Lin (Eds.), *Social structure and network analysis*. Beverly Hills: Sage.

Cook, K. S., & Emerson, R. M. (1984). Exchange networks and the analysis of complex organizations. In S. Bacharach (Ed.), *Research in the sociology of organizations*, Vol. 3. Greenwich, CT: JAI Press.

Cook, K. S., Emerson, R. M., Gillmore, M. R., & Yamagishi, T. (1983). The distribution of power in exchange networks: Theory and experimental results. *American Journal of Sociology*, *89*, 275–305.

Cyert, R. M., & March, J. G. (1963). *A behavioral theory of the firm*. Englewood Cliffs, NJ: Prentice-Hall.

Dansereau, F. Jr., Graen, G., & Haga, W. J. (1975). A vertical dyad linkage approach to leadership within formal organizations. *Organizational Behavior and Human Performance*, *13*, 46–78.

Dore, R. (1973). *British factory—Japanese factory*. Berkeley: University of California Press.

Duncan, W. J. (1976). Organizations as political coalitions: A behavioral view of the goal formation process. *Journal of Behavioral Economics*, *5*, 25–44.

Farrell, D., & Petersen, J. C. (1982). Patterns of political behavior in organizations. *Academy of Management Review*, *7*, 403–412.

Goodman, P. S., & Pennings. J. M. (1977). *New perspectives on organizational effectiveness*. San Francisco: Jossey-Bass.

Gulick, L., & Urwick, L. (Eds.). (1937). *Papers in the science of administration*. New York: Institute of Public Administration.

Hickson, D. J., Butler, R. J., Axelsson, R., & Wilson, D. (1978). Decisive coalitions. In B. King, S. Streufert, & F. E. Fiedler (Eds.), *Managerial control and organizational democracy*, Washington, DC: Winston Wiley.

Hickson, D. J., Hingings, C. R., Lee, C. A., Schneck, R. E., & Pennings, J. M. (1971). A strategic contingencies theory of intraorganizational power. *Administrative Science Quarterly*, *16*, 216–229.

March, J. G. (1962). The business firm as a political coalition. *The Journal of Politics*, *24*, 662–678.

March, J. G., & Olsen, J. B. (1976). *Ambiguity and choice in organizations*. Bergen: Universitetsforlaget.

March, J. G., & Simon, H. A. (1958). *Organization*. New York: Wiley.

Mintzberg, H. (1983). *Power in and around organizations*. New Jersey: Prentice-Hall.

Murnighan, J. K., & Vollrath, D. A. (1984). Hierarchies, coalitions and organizations. In S. B. Bacharach (Ed.), *Research in the sociology of organizations*, Vol. 3. Greenwich, CT: JAI Press.

Olson, M. (1965). *The logic of collective action*. Cambridge, MA: Harvard University Press.

Ouchi, W. G. (1980). A framework for understanding organizational failure. In J. R. Kimberly & R. H. Miles (Eds.), *The organizational life cycle: Issues in creation, transformation, and decline of organizations*. San Francisco: Jossey-Bass.

Ouchi, W. G., & Johnson, J. B. (1978). Types of organizational control and their relationship to emotional well-being. *Administrative Science Quarterly*, *23*, 292–317.

Pearce, J. A., & DeNisi, A. S. (1983). Attribution theory and strategy decision making: An application to coalition formation. *Academy ofManagement Journal*, *26*, 119–128.

Pearce, J. L. (1980). Apathy or self interest? The volunteer's avoidance of leadership roles. *Journal of Voluntary Action Research*, *9*, 85–94.

Peters, T. J., & Waterman, R. H., Jr. (1982). *In search of excellence: Lessons from America's best run companies*. New York: Harper and Row.

Pfeffer, J. (1977). Power and resource allocation in organizations. In B. M. Staw & G. R. Salancik (Eds.), *New directions in organizational behavior*. Chicago: St. Clair Press.

Pfeffer, J. (1981). *Power in organizations.* Boston: Pitman.

Pfeffer, J., & Salancik, G. R. (1977). Organization design: The case for a coalitional model of organizations. *Organizational Dynamics*, *6*, 15–29.

Pfeffer, J., & Salancik, G. R. (1978). *The external control of organizations: A resource dependence perspective.* New York: Harper Row.

Schlenker, B. R., & Bonoma, T. V. (1978). Fun & Games: The validity of games for the study of conflict. *Journal of Conflict Resolution*, *22*, 7–38.

Simon, H. A. (1957). *Administrative behavior* (2nd ed.). New York: Free Press.

Stevenson, W. B., Pearce, J. L., & Porter, L. W. (1985). The concept of "coalition" in organization theory and research. *Academy of Management Review*, *10*, 256–268.

Stevenson, W. B., Wilson, E. U., & Schnaubelt, M. (1984). *A longitudinal study of the creation of a new organizational group.* Paper presented at the American Sociological Association Meeting.

Thompson, J. G. (1967). *Organizations in action.* New York: McGraw Hill.

Thompson, J. G., & McEwen, W. J. (1958). Organization goals and environment: Goal setting as an interaction process. *American Sociological Review*, *23*, 23–31.

Thurman, B. (1980). In the office: Networks and coalitions. *Social Networks*, *2*, 47–63.

Weber, M. (1946). Bureaucracy. In H. H. Gerth & C. W. Mills (Eds.), *From Max Weber: Essays in sociology.* New York: Oxford University Press.

Wilkens, A. (1983). Organizational stories as symbols which control the organization. In L. Pondy (Ed.), *Organizational symbolism.* Greenwich, CT: JAI Press.

Williamson, O. (1975). *Markets and hierarchies: Analysis and antitrust implications.* New York: Free Press.

RESEARCH ON NEGOTIATION IN ORGANIZATIONS

A Biannual Research Series

Editors: ROY J. LEWICKI
College of Business
The Ohio State University

BLAIR H. SHEPPARD
Fuqua School of Business
Duke University

MAX H. BAZERMAN
Kellogg Graudate School of Business
Northwestern University

VOLUME 1 · 1986

JAI PRESS INC.

Greenwich, Connecticut *London, England*

55 Old Post Road, No. 2
Greenwich, Connecticut 06836

JAI PRESS INC.
3 Henrietta Street
London WC2E 8LU
England

ISBN: 0-89232-638-7

Manufactured in the United States of America

CONTENTS

March, J. G. (1962). The business firm as a political coalition. *The Journal of Politics*, *24*, 662–678.

Mintzberg, H. (1983). *Power in and around organizations*. New Jersey: Prentice-Hall.

Murnighan, J. K. (1978). Models of coalition behavior: Game theoretic, social psychological, and political perspectives. *Psychological Bulletin*, *85*, 1130–1153.

Pfeffer, J., & Salancik, G. R. (1978). *The external control of organizations: A resource dependence perspective*. New York: Harper Row.

Thompson, J. G. (1967). *Organizations in action*. New York: McGraw Hill.