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Discussion Paper

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The Business Firm: The Bureaucracy and the Clan

by Leonardo R. Silos

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The Business Firm: The Bureaucracy and the Clan

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Abstract

This paper establishes a parallel between Max Weber's bureaucratic and traditional forms of domination, on the one hand, and the distinction between Western and Japanese management, on the other. Just as bureaucracy, so Western management theory and practice have been fundamentally guided by *Zweckrationalität*, often called instrumental rationality; and just as the traditional organization, so Japanese management is quickened by the kinship spirit. The parallel ceases, however, where this paper maintains that the traditional (kinship) organization is both rational and modern, or 'modernizable', *without* having to mutate into Weber's impersonal bureaucracy. Weber's instrumental-rationalism reduced the ideal-type of the traditional organization to a residual, counter-concept of the bureaucracy and the bureaucracy, in its turn, to a dehumanized 'thing'. In the current scene, despite clear and express efforts at overcoming the admitted inadequacies of the bureaucratic mind-set, Western management theory and practice seem unable to escape the grip of instrumental rationality. Even though the efforts at moving away from the bureaucracy are efforts at being more 'traditional', the debunking language against the 'traditional' continues. There is a need to supplement the critique of instrumental rationality that is currently taking place in some quarters with a positive reconstruction of the traditional (kinship) organization. The two-pronged approach may open up more management and organization alternatives on the micro-level of the modern business firm which is the immediate concern of this paper. There are signs that the need is beginning to be felt and, more importantly, to be addressed.

Acknowledgement

The author thanks ZEW for the invitation to be a guest professor at the Zentrum. The opinions expressed in this paper are those of the author and not necessarily of ZEW or of the Asian Institute of Management. The basic ideas used in this paper have already been expressed and developed more fully in the author's book *Oikos: the Two Faces of Organization*.

Harvard professor, John Kotter, discussing the subject of leadership in a video presentation where he distinguishes the leader from the manager, relates an old story showing how workers may view their work in different ways. A bricklayer, on being asked what he is doing, may answer that he is laying and securing bricks one on top of the other. Another worker may say that he is building a wall. But a third worker with a broader vision may say that he is building a cathedral. Presumably, if we take the example in context, the model attitude of the third worker requires leadership, for in Kotter's view it is the leader who gives vision, this being one of the distinguishing marks of a leader which separate him from a mere manager.

If we look at it more closely, Kotter's example is an unwitting comment on Masaaki Imai's popular book, *Kaizen*. For we might say that the first worker, the most myopic of the three, may be described as a *process*-oriented worker (the Japanese orientation, according to Imai). The second worker, not as short-sighted as the first, may be described as a *results*-oriented worker (the Western orientation, according to Imai). But the third worker, number one in the professor's book, turns out to be none and all of the above, and a visionary to boot.

This leads us to suspect that both the Japanese and the American could be missing the heart of the matter. The difference between Japanese and Western management as explained by *Kaizen* may turn out to be perhaps accurate and insightful but not fundamental enough. And there may be more to the third worker's view of work than what our American author suspects.

The clue to the matter lies, in my opinion, in the example itself. The favored worker attitude is craftsmanship said to have been typical of European Middle Ages. And thereby hangs a tale. For in this traditional society, the example of motivated work was the consequence not of any specific leadership but of a way of life. Not leadership but *culture* was generally the source of "visionary" work during a period when work was a vocation rather than a mere function or livelihood.

Such a clue will lead us to a better understanding of *Kaizen* than that offered by Imai. For *Kaizen*, as described by Imai, is the mother technique, or umbrella as he puts it, of all Japanese techniques (QCs, JIT, TQM, etc.). But as technique, *Kaizen* itself is consequence rather than cause. And the fundamental culture of which *Kaizen* is but one consequence is not specifically Japanese. It is not even specifically Confucian, which is a major influence of Japanese culture. It is simply traditional culture of fundamentally the same kind that produced Middle Age craftsmanship.

This becomes even more plausible if we remember that feudal Japan was directly forced into modernizing without undergoing any transition of the kind that Europe underwent. The Meiji slogan 'Western technology, Japanese spirit' aptly expressed the nature of Japan's modernization. The purpose of learning Western technology was expressed in still another Meiji slogan, 'strong army, rich nation', obviously one of the lessons learned by Japan whose ports were forced open by the strong and rich

nations of the West. If the latter slogan may describe Japan of World War II, the former slogan may describe postwar Japan when the Samurai turned businessman.

The Question of Universal Management Principles

Western tradition has historically been wont to contrast itself over against the 'Oriental'. It is not merely that vague feeling of superiority common to human associations which consider outsiders as less fortunate and therefore inferior. As the ancient Greeks, so the modern West has perceived the difference to lie in something quite specific: its *rationality*. Therein, it has believed, lies the difference between East and West. This rationality, this 'clarity of thought', was what the Enlightenment celebrated in contrast to the 'dark' Middle Ages. Is not man, after all, defined as the rational animal? Rationality must be the attribute not of this or that man but of everyman. Western culture is not just any culture. Insofar as it based on 'scientific' rationality, it is the universal culture. In this it has distinguished itself over against all traditional cultures. As an American author put it: "Cultural relativism succeeds in destroying the West's universal or intellectually imperialistic claims, leaving it to be just another culture" (Bloom, p. 39).

Lately, however, there has been a lot of talk about 'Asian' management as distinguished from 'Western' management. What is it that the Asian experience adds to management theory that was not already in the Western experience? Must management be either Asian or Western? What happens then to universal management principles?

Some light may be shed on this never-ending debate by the strategizing process. Take the 'vision'. It has become the norm to begin strategy formulations of the firm with the corporate vision. Its usefulness can be gauged by its wide use. The function of 'visioning' is to spell out where the company wants to be in the future. The clearer the vision, the clearer the mission. The clearer the mission, the easier to set measurable objectives. So focused, the company can prioritize and optimize the economics of finite effort and limited resources.

The Problem of Rationality

There is, however, an inherent problematic in this concept of vision. It emerged rather unexpectedly during an informal breakfast dialogue between a distinguished American professor and author of many management books, Warren Bennis, and some guests of the Asian Institute of Management. The occasion was the Institute's 25th anniversary celebration in Manila in February 1993. Bennis spoke about leadership and said among other things that true leaders had vision. During the open forum one of the participants rather casually made the remark that Hitler, too, had a vision. There was no appropriate response given to the implied criticism of the virtues of 'visioning'.

It was a rude reminder that 'vision' is an abstraction. As such it tells us nothing of its content. In strategy formulation, vision names abstractly the beginning (which is also the 'end' intended) in the process of strategizing. Similarly in the leader, it names formally that which guides the exercise of leadership. In both cases, the term 'vision' is a purely formal concept. Strategizing and leadership can be conceptualized into a 'universal' rational process applicable to any and every situation, but only if it remains on a purely formal and abstract level.

A Hitler (or a Tojo, for that matter) and a Mother Theresa might conceivably learn and apply correctly the same formal process of visioning. They might even learn about the strategic relevance of Michael Porter's concept of 'value chain'. Nevertheless, these students of a 'universally' applicable rational process would end up, if we may be allowed an understatement, doing different things. In someone's happy phraseology, they might all do the thing right but not necessarily the right thing.

We mention in passing that this problematic is mainly responsible for the clamor for ethics in management education. For the most efficient way in a purely formal sense may not necessarily be an ethical way. But ethics is not our concern here but the question of 'Asian' and 'Western' ways of managing which is merely another way of putting the question of universal management principles.

Once we introduce *values* in the discussion, the purely formal, 'universal', rational process of management becomes essentially incomplete and problematical. Formally speaking, strategy is the rationally correct use of means to achieve chosen ends. As a purely formal process it applies to any conceivable 'means' or 'ends'. It rationalizes the activities of the firm so that it may do things efficiently, so that it may do things right. But as such it does not say whether it is the right thing to do.

Here is where 'Asian' and 'Western' managements can go their separate ways, even prescinding entirely from ethical issues. Since management is a most practical affair, it will take place in a concrete context and situation. The *formal* process is fleshed out with *concrete* meanings and values and the common tool can result in distinct productions. For they can differ about what is the right thing. 'Quality' in management is thus not merely 'doing the thing right the first time', as it is now often said, for this refers to efficiency: it is also doing the right thing.

Western and Asian Management

Let us illustrate. Firm (A) has certain goals to achieve. It may then decide quite rationally that in the case of its workers it will only reward their 'performance', that is, those activities that promote the firm's goals. Consequently, it will try to be 'lean and mean' by continuously ridding itself of 'fat', that is, 'non-performers'. Having chosen a goal, the most rational approach is to choose the most efficient means to achieve the goal. That is called Zweckrationalität, goal or instrumental rationality.

It follows that such 'traits' as 'seniority', should not be rewarded as such. For seniority is not performance. As such it does not contribute to the attainment of the firm's goal. It would therefore be irrational, in this way of thinking, to promote people on the basis of seniority. One can find this instrumental rationality in almost any Western book on management. Clearly, firm (A) will differ in many essential ways from another firm (B) which happens to reward seniority, not accidentally but systematically. If, in addition, firm (B) believes in 'life-time employment' then we have an even wider 'cultural' gap between firms (A) and (B). As far as firm (A) is concerned, firm (B) acts 'irrationally'. On the assumption that rational management is efficient management and therefore should be more successful than an irrational one, then the success of firm (B) would appear as a puzzle to firm (A). This may be why the West seems to be so fascinated by Japanese management. It succeeds against 'all rhyme and reason'.

Now the author of *Kaizen* makes little of these 'irrational' practices of Japanese firms and prefers to focus on 'techniques' which, he seems to imply, are 'universal' and transferable anywhere at will. But, in our opinion, these Japanese techniques have as their foundation certain common and shared values, such as reciprocal loyalty between company and workers. They may appear transferable, since as techniques they are described in behavioral terms. But as Imai himself says *Kaizen* is 'a way of life', that is, a culture. More accurately stated, *Kaizen* as technique is but an expression of a way of life. Its soul is culture.

From a purely formal point of view, both firms (A) and (B) are rational. For both are consistent with their understanding of the organization. They are both purposive, using means as they understand their chosen ends. The issue between East and West in management theory is not about formal rationality. It is about values that flesh out their rationalities. They differ systematically, as two different systems of organization, because they rank organizational values differently. In the end, goal-rationality is determined by value-rationality.

There is then a real sense in which we can speak of Asian and Western management, or more accurately, of Asian and 'modern' Western management. The relevance of 'corporate culture' for understanding the dynamics of the firm is a relatively new 'discovery' in management theory. It is, in our opinion, the contribution of the 'traditional' to the 'modern' organization.

Bureaucracy and Clan

There is a clear parallel intended in the above difference between Western and Asian management with the familiar contrast which Max Weber made between the 'bureaucratic' and 'traditional' organizational ideal-types and also with his distinction between goal-rationality (*Zweckrationalität*) and value-rationality (*Wertrationalität*).

To Weber, Wertrationalität is in the final analysis irrational and only Zweckrationalität truly deserves to be called rational.

I have made use of these pairs of contrasting 'concepts' to reconstruct the newer developments in Western management theory in my book *Oikos: The Two Faces of Organization* (Silos 1991). The 'shifts' that are occurring in Western management theory and practice are there described as attempts of the 'modern' organization (the bureaucracy) to reclaim what it had previously rejected, the 'traditional' organization (the clan), something implied in the 'shifts' although not necessarily admitted. The literature generally speaking continues to use the same debunking *language vis-à-vis* the traditional, although now what is being debunked as traditional is the bureaucracy.

Norbert Alter describes the European development towards a new model of organization as a debureaucratism, detaylorism and defordism, all these 'isms' being used interchangeably. Alter writes about the 'new professionals' who are creating the new organization. Rosabeth Moss Kanter announces the emergence of the 'innovative' in contrast to the 'segmentalist' organizations, 'the old bureaucratic change-resisters' (Kanter, 1985). Still, we observe that the newer developments, while trying to overcome the negative consequences of the bureaucracy cannot seem to escape the grip of that which is mainly responsible for the unwanted consequences, namely, instrumental, sometimes also called functional, or more recently strategic, rationality. Thus, they continue to be bureaucratic in this fundamental sense that Weber meant it.

Die Bürokratie ist 'rationalen' Charakters: Regel, Zweck, Mittel, 'sachliche' Unpersönlichkeit beherrschen ihr Gebaren. Ihre Entstehung und Ausbreitung hat daher überall in jenem besonderen, noch zu besprechenden Sinne 'revolutionär' gewirkt, wie dies der Vormarsch des Rationalismus überhaupt auf allen Gebieten zu tun pflegt. Sie vernichtete dabei Strukturformen der Herrschaft, welche einen, in diesem speziellen Sinn, rationalen Charakter nicht hatten (Weber, 578-579).

This abstract concept of the organization, very aptly expressed in the German term *Verdinglichung*, is still at work in the new organization: for the organization remains a 'thing' with its own goal. The result of this way of understanding the organization is that everything in the organization, including its members, become mere instruments for achieving its goal. That is Zweckrationalität, the 'special sense', that makes a bureaucracy a bureaucracy. From it follows all the characteristics of the 'fully developed' bureaucracy, including a certain 'dehumanization' which, Weber says, is 'welcome' to capitalism.

Die Bürokratie in ihrer Vollentwicklung steht in einem spezifischen Sinn auch unter dem Prinzip des 'sine ira ac studio'. Ihre spezifische, dem Kapitalismus willkommene, Eigenart entwickelt sie um so vollkommener, je mehr sie sich 'entmenschlicht', je vollkommener, heißt das hier, ihr die spezifische Eigenschaft, welche ihr als Tugend nachgerühmt wird: die Ausschaltung von Liebe, Haß und allen rein persönlichen, überhaupt allen

irrationalen, dem Kalkül sich entziehenden, Empfindungselementen aus der Erledigung der Amtsgeschäfte, gelingt (Weber, 563).

What 'modern' (Western) culture demands is the 'professional' whom Weber rather unambiguously describes as the "humanly uninvolved, therefore strictly 'objective' professional." That is the ideal bureaucrat, impersonal, objective, calculating, strictly determined by the goals of the organization.

Statt des durch persönliche Anteilnahme, Gunst, Gnade, Dankbarkeit, bewegten Herrn der älteren Ordnungen verlangt eben die moderne Kultur, für den äußeren Apparat, der sie stützt, je komplizierter und spezialisierter sie wird, desto mehr den menschlich unbeteiligten, daher streng 'sachlichen' *Fachmann*. Alles dies aber bietet die bürokratische Struktur in günstiger Verbindung (Weber, 563).

There are certain indicators that the bureaucracy still determines the 'new' organization despite the 'new professionals' mentioned by Alter. One such indicator is the reward system, as we have pointed out. The ideal standard for continued employment, for increases in salary or benefits, for promotions remains to be *individual performance*, which is defined as the extent to which the work of an individual employee achieves or helps achieve organizational goals. Thus, while decrying the rules-orientation of the bureaucracy and describing the new organization as more "person-centered", and so evidencing a turn towards the more personal, traditional organization, Kanter goes on to describe the 'new' innovative and integrative organization as "results-oriented, rewarding outcomes" (Kanter, 1990, p. 353). This makes one wonder whether Kanter's "person-centered" manager is any different from Weber's "humanly uninvolved, strictly objective professional."

Directly connected with this reward system is the motivational system which is basically a self-motivation (the achievement motive!): the responsibility of proving his skills and performance is all up to the individual employee. Taken together these two systems add up to a message to the individual employee: it is all up to you, you shape up or you ship out. There is nothing personal about it, of course. On the contrary, it is entirely impersonal, in complete accord with the 'virtue' of the bureaucracy. Training, coaching, inspiring, motivating, are activities that depend on the charismatic manager or are situational repair jobs rather than the natural consequences of a corporate *culture*.

Weber's Critique of the Traditional

The shortcoming of Weber's reading of the traditional, why he was unable to give it a more positive interpretation, was a rationalist bias which reduced the traditional to a residual concept. As he himself explains his 'interpretive' (verstehende) sociological method, the adequacy of the meaning of a social action is proportionate to its goal-rationality. Since there are social actions that are not goal-rational, these must be

explained as mere 'deviations' from reconstituted rational actions, that is, what they would have been, had they been goal-rational.

Für die *typenbildende* wissenschaftliche Betrachtung werden nun alle irrationalen, affektiv bedingten, Sinnzusammenhänge des Sichverhaltens, die das Handeln beeinflussen, am übersehbarsten als 'Ablenkungen' von einem konstruierten rein zweckrationalen Verlauf desselben erforscht und dargestellt. Z.B. wird bei einer Erklärung einer 'Börsenpanik' zweckmäßigerweise zunächst festgestellt: wie *ohne* Beeinflussung durch irrationale Affekte das Handeln abgelaufen *wäre*, und dann werden jene irrationalen Komponenten als 'Störungen' eingetragen... Nur dadurch wird alsdann die kausale Zurechnung von Abweichungen davon zu den sie bedingenden Irrationalitäten möglich. Die Konstruktion eines streng zweckrationalen Handelns also dient in diesen Fällen der Soziologie, seiner evidenten Verständlichkeit und seiner -- an der Rationalität haftenden -- Eindeutigkeit wegen, als *Typus* ('Idealtypus'), um das reale, durch Irrationalitäten aller Art (Affekte, Irrtümer) beeinflusste Handeln als 'Abweichung' von dem bei rein rationalem Verhalten zu gewärtigenden Verläufe zu verstehen (Weber, 2-3).

For another, the traditional is understood by Weber in two senses, formally and materially. Formally, it is defined as belief "an die Unverbrüchlichkeit des immer so Gewesenen as solchen," that is, belief in tradition simply because it is the tradition. Materially, it is identified with the kinship system which is determined by personal relationships. Formally defined, tradition is closed and static by definition and this is often a critique levelled against the traditional. However, the *kinship system* cannot be said to be essentially static. For the kinship system as such can be dynamic and open, for instance by the simple device of *extension*, something Weber was well aware of but did not think important for an assessment of the traditional, probably because he was intent on contrasting modern Western culture over against it. The kinship system by such an extension becomes potentially universalist when not restricted to blood relationships and open to 'outsiders'. Secondly, it can become democratic (as the consensual and participative practices in the Japanese firms demonstrate). Universalism and democracy, two supposedly modern (and Western) characteristics are not incompatible with the kinship system, as it is sometimes supposed.

Because Weber understood the kinship system as a mere deviation from the bureaucracy, he failed to appreciate its positive organizational qualities. The kinship system (here understood as extended and not limited to blood relationships) is not a mere irrational deviation from the bureaucracy but stands on its own right with its own rationality. It differs essentially from the bureaucracy in that it is a concrete organization of these people and not an abstract 'thing' made up of functions to be filled up by functionaries. If in the bureaucracy people are disembodied 'functions', therefore entirely expendable and replaceable being purely instruments for the purposes of the bureaucratic thing, the members of the extended kinship are these concrete people and in this sense irreplaceable. In contrast to the bureaucratic abstraction, the concrete kinship group is not a means but an end: it does not exist to work but works to exist.

It is this understanding of the organization that distinguishes the family *system* from the bureaucracy.

Instrumental rationality when turned into a philosophy is usually called 'positivism', 'behaviorism', 'scientism', among other names. We have already met above one problem it creates as a philosophy: it relativizes all values. It is, as Weber would say, value-free. Or as others would say, it is about "facts", about "what is" and not about "what ought to be." Herbert Simon drew the conclusion on the authority of "logical positivists" that therefore values and ethical propositions were beyond the purview of science, for "there is no way in which the correctness of ethical propositions can be empirically or rationally tested" (Simon, p. 46). Since Simon was writing about the 'science' of administration, it followed that values were beyond its purview. However, Weber's own description (above) of the method of *verstehende* sociology implies that it is, partially at least, counterfactual. It does not always explain *real* activity of *real* people but only how people *would* act *if* they were entirely goal-rational (if they were not *real* people?). On this showing, it is not always about 'what is' but about what 'ought to be', namely, goal-rational; therefore not as value-free as believed nor purely descriptive but also prescriptive.

Significantly enough, positivist philosophy with its rationality, is undergoing rethinking and critique. In the German philosophical scene, names like Hans-Georg Gadamer, Jürgen Habermas, Karl-Otto Apel come immediately to mind. Although these philosophers do not entirely agree with each other and approach the problem not entirely from the same perspective and interests, they all agree that instrumental rationality is too narrow and requires correction and Western rationality needs 'reconstruction'. But a broadening of rationality inevitably re-establishes a link-up with the traditional that was severed by instrumental rationality. In this continuity, it is the traditional that may turn out to be dynamic, rational and universalist and the instrumental rationality that claimed a monopoly on reason and universality, irrational and ethnocentric.

Reclaiming the Traditional

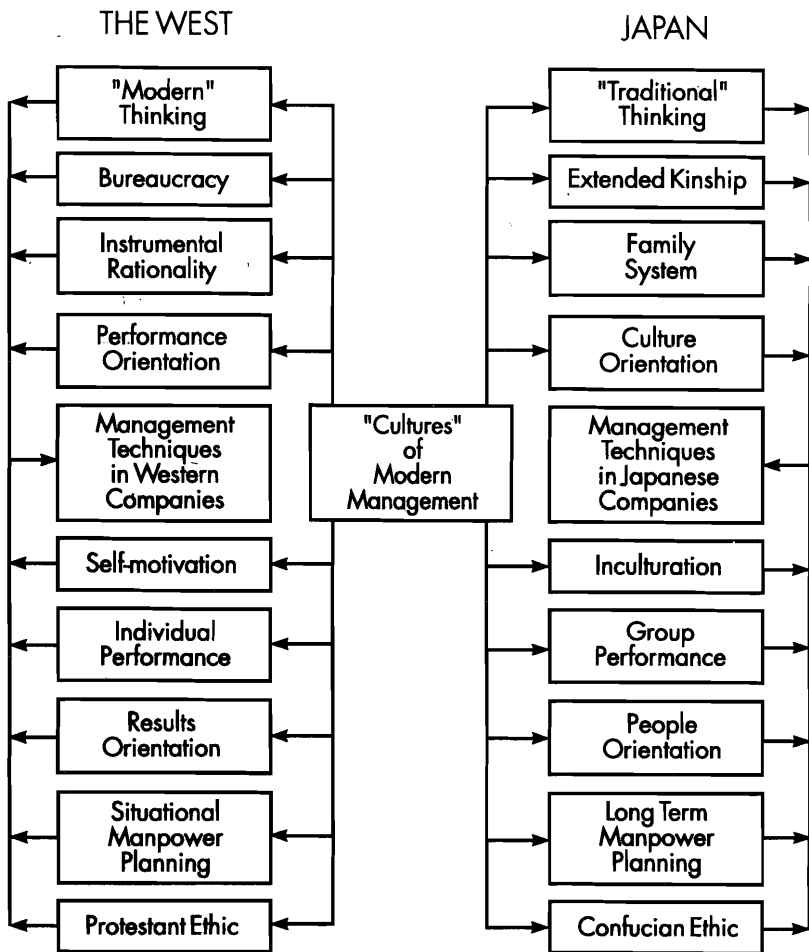
This leads to another observation. A unilinear development from kinship to modern bureaucratic organization is a usual assumption. It has been almost customary to equate human kinship relationships with primitive emotions and animal impulses. The logic: "if kinship, then primitive," seems to underpin many anthropological and social studies. Even the *Gemeinschaft und Gesellschaft* of Ferdinand Tönnies, which had a positive view of *Gemeinschaft*, seemed to think in this manner. A common enough argument is that *Gemeinschaft* is simple, *Gesellschaft* is complex, and the simple must give way to the more complex, as if their essence consisted in being either simple or complex. But if the kinship system *as such* can modernize, this logic is as questionable as the rationality that inspires it.

On the micro level of the firm (which is our concern here), this should not be difficult to comprehend. The Japanese firm as it is usually represented can be aptly described as a modern traditional organization. One has only to match the comparative schema of Harvey Leibenstein with Weber's own distinction between the bureaucratic and the traditional organizations to see a correspondence between Japanese practices and the traditional on the one hand, and Western practices and the bureaucratic on the other.

JAPAN	THE WEST
1. Firm recruits people of particular age and education.	People recruited with particular skills (or experience) to fill specific job.
2. Lifetime employment ideal.	No lifetime employment ideal.
3. Company a community.	Less emphasis on community ideal.
4. No sharp distinction between managers and workers.	Sharp distinction.
5. Strong emphasis on general hierarchical ranks.	Management positions not standardized -- related to function.
6. Age and service length explicitly recognized as a promotion criteria.	Authority and responsibility ostensibly specific.
7. Authority and responsibility diffuse.	Authority and responsibility ostensibly specific.
8. Managerial authority limited by international labor mobility.	Managerial authority challenged by trade unions.
9. Enterprise unions.	Trade unions.
10. On-the-job training for a variety of jobs.	On-the-job training for specific job.
11. Job rotation and boundary flexibility.	Focus on specific job with specific boundaries.
12. Emphasis on cooperation, harmony, and consensus.	Greater stress on individualistic behavior within bounds of narrow job definitions and commitments.
13. Bonus system.	No regular bonus system.

Source: Harvey Leibenstein, *Inside the Firm*.

Our own schema shows the different cultural roots of these two types of organization. It can serve to explain how management techniques may appear the same and yet be different, according to the dictum attributed to T. Fujisawa, cofounder of Honda Motor Corporation: "Japanese and American management is 95 percent the same, and differs in all important respects" (quoted in Adler et al.).



It should therefore be of no surprise that more recent discussions are again addressing the relevance of the traditional (although the *term* is seldom used and the bias seems to remain) and significantly, often in the context of questions about 'community' and 'ethics.' Reading some of the titles of articles recently (1993) compiled into a book *Gemeinschaft und Gerechtigkeit* is sufficient to prove the point (with contributions by well-known authors such as Karl-Otto Apel). One of the headings reads: "Streit um den Streit: Gemeinschaft oder Gesellschaft." Some of the titles: "Gemeinschaft and Demokratie in den USA", "Die Modernität der 'Gemeinschaft'"; "Posttraditionale Gemeinschaften" and so on along this vein. There is an apparent search for more adequate and more integrative concepts and terminology to replace the more restrictive ones.

As the 'new' organizations try overcome the negative consequences of instrumental rationality they are willy-nilly reclaiming the more personal character of the traditional organization. A Harvard management case book (Beer et Al.) even suggests combining the bureaucracy and the clan, based on William Ouchi's "Markets, Bureaucracies and Clans".¹ However, a mere 'combination' as proposed wrongly assumes, I suggest, that 'bureaucracy' and 'clan' stand for mere situational behavior so that management can switch from one to the other as conditions demand, as in the 'contingency theory', sometimes referred to as the 'it depends' theory. But bureaucracy and clan stand rather for contrasting options that are systemic and cultural, therefore essentially long-term and enduring, rather than merely behavioral or situational.

Another sign of this turn to the traditional is the current vogue of distinguishing the leader from the manager, as in John Kotter's book on leadership. But as I have pointed out in my review of the book (Silos, 1992a), it is a bureaucratic idea of the manager that allows Kotter to distinguish the leader from the manager. For instance, motivating people, according to Kotter, is a distinctive characteristic of a leader and not of a manager. That would be a purely gratuitous assertion unless it was made within a bureaucratic context where the manager merely 'administers' the work of employees who are expected to be self-motivated. With such a concept of a manager, which incidentally fits exactly Weber's idea of a bureaucrat, it is not surprising that Kotter finds it necessary to supplement it with the idea of a leader. Leadership is an integral part of managing. Kotter's solution, which may be described as charismatic rather than systemic, is a provisional solution at best. It has a parallel in the 'human relations movement', which depends on the personal efforts of the manager at human relations while leaving the system as impersonal as ever. In short, although Kotter expressly decries instrumental rationality, he fails to recognize its systemic dimensions.

Again Alter's description of the new organization also suggests the traditional turn. Besides being constituted by the "nouveaux professionnels," it is also described as the "retour de l'artisanat," presumably the return of such artisans as in the previous example who think not in terms of bricklaying or walls but of cathedrals. But an even more direct reference to the traditional is contained in the book *For the Common Good* of H.E. Daly H.E. and J. B. Cobb Jr., an economist and a theologian, as I understand. Their message is quite appropos to our discussion.

Our hope is to move forward to a new type of economy different from either capitalism or socialism as they have been understood in the past. But for those who still find it difficult to think of an economy that does not fit on this spectrum, we suggest that they consider feudalism. Feudalism, surely, is neither capitalist nor socialist, yet it endured longer in Europe than either of these is likely to do. Feudalism is the *bête noir* of both, and that will help to indicate how one can be opposed to both (Daly and Cobb. p. 15, fn. 6).

¹ The use of the term 'clan' in this context seems to have been originally suggested by Francis Hsu in the book *Clan, Class and Club*, which distinguishes respectively Chinese, Indian and American social psychologies.

The authors expressly deny that their intention is "to call for a return to feudalism." But they do believe "that surveying a wider range of economic systems can open our eyes to new possibilities. Of these, feudalism is worthy of careful consideration." The point that directly concerns us is the reason why they think feudalism deserves a second look.

The feudal system was more communitarian than either socialism or capitalism in both theory and practice. It has been badly maligned since the Enlightenment by those whose interest required the extirpation of the continuing power of community in human life.

Finally, we note that the social market economy of postwar Germany clearly wished to avoid the 'dehumanizing' consequences of an impersonal economic system. "[Walter] Eucken's point of departure was his frequent question: 'How can the modern industrialized economy and society be organised in a way that is *both humane and efficient?*' His concept of the *Soziale Marktwirtschaft*, or Responsible Free Market Economy, was evolved in answer" (Hennessy). For "*the market can only distribute incomes commensurate with performance*" and that only when the market is working smoothly; "it cannot take human and social aspects into account. Similar issues cannot be tackled by the market, they have to be dealt with through an adequately devised social policy" (Jung, p. 19, italics added).

In conclusion one may say that clearly some 'shift' is taking place, not only in business management but simultaneously in other spheres of theory and practice and the shift seems to revolve around the problems of rationality and values in *Gemeinschaft* and *Gesellschaft*. In more micro-organizational terms, it seems to revolve around the problems of the bureaucracy and the clan.

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