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Implications for Organization Theory

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STRUCTURE OF INDIVIDUAL GOALS:  
IMPLICATIONS FOR ORGANIZATION THEORY

Relevance of a Theory of Organizational Decisions

I guess none of us would take issue with the statement that human choice behavior is a central aspect of organizational life. Perhaps ten years ago we might have found theorists who would have argued differently. But opponents of this view are surely hard to find today.<sup>(1)</sup> So accepting without further commentary the importance of having available a sound theory of choice for guiding descriptions of organizational behavior let us ask ourselves instead, how adequate for that purpose are currently available decision theories?

An immediately noticeable characteristic of a disturbingly large number of presumably organizational decision theories is that they are indistinguishable from counterpart theories of individual choice behavior,<sup>(2)</sup> even though in its flesh-and-bones reality we don't usually have much difficulty distinguishing an individual from an organizational decision body.





Differentiation of Organizational from Personal Choice Theory

Yet it is not many years ago that it was heralded as a major accomplishment by far-sighted theorists to have noted the rather obvious contrast in social reality of a single person versus a group or an organization, and to have begun to speculate about possible implications of this distinction for a more differentiated theory of organizational choice.<sup>(3)</sup> But try as they may even astute model-builders like H.A. Simon seem to be having difficulty weaning their organizational analyses from individualistic theoretical motherhood.<sup>(4)</sup> This paper examines some of the reasons why we should expect it would be difficult to remove "the individual decision-maker"<sup>(5)</sup> from theories of organizational choice behavior.

The discussion below focuses on the notion of a decision "goal" -- the means whereby Dm presumably discriminates among, is sometimes said to "prefer", one choice alternative compared to a sub set of other, also available alternatives. All theories of decision making, indeed any description of motivated behavior in all areas of social science begins by imputing some sort of "goal", "direction", or task orientation to whatever organisms it purports to describe.



### Organizational versus Personal Goals

We begin by examining the question, how do organizational goals differ from individual or personal goals? Consider first three types of answers customarily given to this querie:

1. Traditional economic theory,<sup>(6)</sup> Weberian bureaucratic theory,<sup>(7)</sup> and traditional management theories,<sup>(8)</sup> suggest that there is no significant difference between an organization's goals and its individual participants' "organizational role" goals. Even if differences might "hypothetically" be shown to exist between goals of individuals and organizational objectives the former have been excluded from relevance to organizational life, according to the just-mentioned theories, by virtue of the existence of an "employment contract" between the organization and its members -- which presumably secures member adherence to organization goals, sometimes called "contributions"; in return for some form of employment wage, a utility, or "inducements", payment to said various members.

Whereas economists apparently trust individual employees to conform to organization goals upon the mere payment and receipt of an agreed-upon employment "price", bureaucratic and management theories add in a generous measure of organization "control" as well, presumably thus assuring that employees indeed will adhere to the organization's goals, except in exceptional, and theoretically pathological, cases.



2. Traditional organization control procedures have long appeared unpalatably Orwellian to kindly humanistic theorists. Correspondingly, in contrast to the old, hard "Theory X", recent more enlightened theoreticians have suggested that personal adherence to organization goals may be achieved, not necessarily, if at all <sup>by</sup> authoritarian decree and control, but rather by means of group discussion and consensus, with a fair measure of willingness to compromise supplied by the "official" organization.<sup>(9)</sup> Nevertheless, the outcome of such discussions among organization members is presumably still the same, namely that a joint goal structure or an organizational preference ordering will emerge, which then is to serve as the prescription for organizational decisions to strive towards.

3. Along have come Cyert and March, among others, pointing out that such ideal consensus among organization members is in fact impossible to achieve, due in part to:

- a the presence of bona fide, and simultaneously irreconcilable, conflicts among different organization members' personal goals and preferences;
- b. limits on human computational capacity for constructing and then utilizing a complete preference order of (organizational) alternatives;
- c. communication barriers between even presumably cooperating parties; as well as,
- d. the common incidence of inconsistency and dynamics in members' own personal goal structures, which makes a static description of even individual goals a tenuous business at best. Furthermore, argue the authors quite persuasively, the act of reaching member consensus, or definition of a complete joint organizational preference ordering, is observably quite unnecessary for the perfectly satisfactory operation of most every-day organizations.<sup>(10)</sup>



Instead Cyert and March suggest that organizational goals should be viewed as being a set of partial preference orderings, defined with respect to certain frequently recurring, but semi-isolated, sets of alternatives which are encountered separately by various organizational sub-units. These partially conflicting organization goals are viewed by the authors as being institutionalized by organizations in terms of

- i. standard operating procedures, or organizational "decision programs";
- ii a functional division of labor among organization sub-units, each of which will presumably be pursuing somewhat different, at times conflicting, organizational sub-goals; and
- iii. budgetary resource allocations to the various organization sub-units, which, due to an accompanying discretion for spending such resources within often quite broad guide-lines, allow sub-units to pursue partially conflicting goals simultaneously and semi-independently.

#### The Nature of Organization Goals in Received Doctrine

We want to keep in mind not only the postulated relationships of personal to organizational goals in current choice theory, but also note the exact nature of the types of goals assumed by these theories to be pursued by hypothetical organizations:





1. Economists, for example, seem willing to bend in almost any direction to preserve their traditional beliefs in the analytically tractable "profit maximization" notion of organization goal.<sup>(11)</sup> Quite recently, however, Baumol did concede the possible existence of an organizational "sales" goal as well -- which he (alas) immediately assumed got itself maximized by industrial firms, subject to a profit constraint.<sup>(12)</sup> Baumol's sales-goal modification of classical economic profit theory is, in my opinion, unhappily restrained by the author's refusal to carry his theoretical formulations beyond the notational niceties of traditional economist's function analysis.<sup>(13)</sup>

Classical "management" theorists have been less mathematical in their descriptions of organization goals, but are typically as insistent as their economist counterparts that organizations do (or should) maximize dollar profit returns (over some, usually unspecified, planning horizon).<sup>(14)</sup>

Bureaucratic theorists unhappily find themselves somewhat at a loss compared to economist colleagues, <sup>they</sup> as are often heard lamenting their lack of quantitative numbers like "profit" and "price" to theorize with. Instead hypothetical bureaucratic organizations are often said to maximize "public welfare", however that is to be measured.<sup>(15)</sup>



2. It is hard to infer, in general, just what "Theory Y" writers consider to be the goals of organizations they describe. But this group of theorists generally seems to focus heavily on organizational variables affecting "employee welfare" and members' "personal growth," which they dutifully argue ought to be increased substantially by present-day industrial organizations, presumably then subject to some sort of constraint on profit returns. (16)

3. The Cyert and March theory claims industrial organizations strive to achieve satisfactory performance on chiefly four different organizational goals, in making pricing and production out-put decisions -- which traditionally have been the only organizational quantities of much interest to analytical economic theorists. Specifically these four organizational goals are: an Inventory goal, a Production Stability goal, a Sales Quantity and/or Market-share goal, and a Profit goal. With respect to each of these goals various organization sub-units (departments) define for themselves certain explicit "aspiration levels", which they then endeavor to achieve by executing sundry decision routines ("programs"). The aspiration level goals are subsequently revised "upward" or "downward" by each department in direction of the latter's recent "performance" with respect to each goal measure. (17)



### Implication of Received Doctrine

A common property of all above mentioned organization theories, stated more or less explicitly by their respective authors, is that invoking one or two or four exclusively organizational goals will suffice for explaining most of the behaviors it behooves organization theorists to be interested in understanding or predicting.

### Emerging Multi-dimensional Points of View

Yet there are voices heard advocating a more pluralistic view of (organizational) decision goals, even from die-hard economist quarters. Georgescu-Roegen for example stated the case for multi-dimensional, lexicographically ordered utility as early as 1954.<sup>(18)</sup> Later Chipman ~~showed~~ showed how vector utilities could be handled axiomatically, by a symbolic notation at least as esoteric as that of either Hicksian or Von-Neumann Morgenstern type analysis -- demonstrating in effect classical Archimedean utility is merely the special case of lexicographic preference orderings<sup>(19)</sup> for which the Axiom of Substitution among goal-attributes is assumed to hold.<sup>(20)</sup>

Shubik suggested four years ago that firms might constructively be viewed as maximizing profits, but subject to a whole set of boundary constraints on that goal.<sup>(21)</sup> And Encarnacion<sup>(22)</sup> quite recently scratched the surface of possible formalizations of what we might call "lexicographic satisficing" behavior: cases where  $D_m$  is observed to pay attention to a single one of a set of currently non-satisfactory goals, or "problems", according to a (lexicographic) priority ordering among such goals -- such that, if and only if a higher order goal is satisficed will  $D_m$  turn his attention to resolving the "next lower" goal on his priority list.



Finally Charnes and Stedry just derived a set of interesting recommendations for how a Dm should allocate his effort among multiple goals (actually multiple problems, each problem defined by the same scalar goal measure), under an analytically tractable set of special assumptions about the technological structure of Dm's task environment. (23)

Last year Simon finally drew the consequences of the "multi-dimensional" movement in organization-goal theory. (24) And, since I would like to employ his definitions as a point of departure for developing the theory further, let us consider for a moment Simon's ideas in some degree of detail.

#### Simon's Definition of Organizational Goals

Simon notes a common property of most mathematical decision programs that maximize, (or satisfice) a given objective function -- or no objective function at all -- subject to a large set of constraints:

"...a course of action, to be acceptable, must satisfy a whole set of requirements, or constraints. Sometimes one of these requirements is singled out and referred to as the goal of the action. But the choice of one of the constraints, from many, is to a large extent arbitrary. For many purposes it is more meaningful to refer to the whole set of requirements as the (complex) goal of the action." (25)





In order to define "organizational" goals Simon now simply draws the analogy between the complex goal structure of a mathematical decision program and that of an organizational role position:

"It appears convenient to use the term 'organizational goal' to refer to constraints, sets of constraints, imposed by the organizational role ..."(26)

Thus, if an organization is viewed as a collection of roles, each of which is in turn subject to a large set of constraints on role incumbent's decision behavior, the organization's "goals" becomes<sup>y</sup> synonymous with the totality of all constraints acting on all organizational role positions.

#### Potential Criticism of Simon's Definition

Not a very elegant nor parsimonious definition of organization goals the critic will immediately object. Nor, would I agree, will such a "total" description of any organization's goal structure be particularly interesting to possess, or even possible to obtain, in general. But "in general" we shall have narrowed down dramatically the focus for our organizational analyses, being as a rule interested in describing merely whatever constraint set happens to be currently operable with respect to some specified sub-set of the organization's members, or alternatively, with respect to some specifically defined organizational "problem", set of problems, or other identifiable occasion for choice behavior. And this, much more limited constraint set operating on sub-organizational role behaviors will as a rule be considerably more tractable observationally, as well as analytically.



Personal versus Organizational Goals Reconsidered

Having come this far let us now quickly summarize the answers given by the four types of organization theories we have considered to the question we posed initially, namely what is the nature of the relationship of personal to organizational goals?

1. Economists and classical management theorists view organizational goals as being synonymous with the personal goals of the owner-entrepreneur, leaving little room in their theory for the personal goals of other employees, save as such considerations might be "used" as effective means for increasing the latters' (employer-defined) productivity.

2. Neoclassical, more people-oriented management theorists view organization goals (ideally) as being determined by some form of democratic consensus among organization members -- as opposed to being handed down by autocratic decree -- yet seem to theorize as if the democratic employees thereafter agree to act in accordance with the agreed-upon organizational preference structure, thus excluding as it were conflict or exercise of personal goals in organizational decision making.

3 Cyert and March view organization goals as being a small number of organization sub-unit aspiration level goals, existing entirely separately from members' individual goals. (26a)



4. Simon views organization goals as a large number of constraints on organizational role behavior, wherein a role-incumbent's personal goals are relevant only as variables affecting the incumbent's decision to join, stay in, or leave his role position in the organization: "Thus desire for power and concern for personal advancement represent an intrusion of personal goals upon organizational role...", (27) such that, according to Barnard and Simon's inducements-contributions theory, once a member has joined an organization, his role enacting behavior is entirely determined by official organization goals, <sup>by the</sup> i e. role constraints, "and hence we do not need any motivational assumptions beyond those of inducements-contributions theory to explain the ensuing role-enacting behavior." (28)

### Conclusion

I disagree with all the above views of the role of personal goals in organizational decisions. Let me now employ Simon's "search" theory of choice in an attempt to explain why I disagree.

### The Relevance of Role Incumbents' Personal Goals

Simon's "satisficing-search" theory predicts that an organizational unit, say an individual role-incumbent, will actively search for and evaluate alternative solutions to his (well-defined) decision problem sequentially, in a one-at-a-time manner. Each alternative will then be either ACCEPTED or REJECTED as it appears on the scene, or as it is retrieved from memory. If and only if the last alternative was REJECTED will Dm continue his Search for a more acceptable alternative.



Observations I've made of decision makers in action suggest that Dms tend to make wide use of what we might call "alternatives generators", i.e. of environmentally powered methods whereby a large number of possible alternatives get themselves paraded before Dm for his consideration, often with no more initial "search" activity required on part of Dm than his willingness to continue to process, i.e. evaluate, generator-presented alternatives. (29)

Secondly, alternatives are as a rule processed or evaluated by Dm in parallel, i.e. several-at-a-time. And Dm does not usually terminate his decision making as soon as an "acceptable", i.e. amerely non-constraint-violating, alternative has been identified.

Thirdly, and this is the major, yet untested, hypothesis of this paper: In most cases the "official" role constraints that are relevant to whatever organization problem a role-incumbent Dm may be working on are not sufficiently constraining to specify for him uniquely which of a set of available, and presumably all organizationally acceptable, decision alternatives should be selected by our organization-Dm.

Stated a bit differently: A number of the potentially constraining role prescriptions, which might or "should" have been operable on the decision deliberations of any one organization member, are negotiable, and will over a period of time have been significantly modified by the patently "personal" goals of the role incumbent in question.





In other words, I believe it is (will be) easily demonstrated that role incumbents in most cases are asked to, allowed to, or able to exercise considerable, and organizational choice-wise highly critical, personal discretion in solving what are presumably "purely" organizational problems. I obviously expect this to become increasingly the case as we wander up the hierarchy of organizational authority. Even so I believe our theories have tended to blind us to the opportunity for even quite low-level employees in an organization to exercise considerable and quite often critical discretion in making what are supposedly highly "programmed" decisions. (30)

Contra-phrasing Simon I would then conclude: "Thus desire for power and personal advancement (for example) represent personal goals which are of central concern to organizational choice theory."

I would even go a step further and hypothesize as follows: If a role incumbent is provided with anywhere near an opportunity to exercise organizational discretion in such a way as to be compatible with or help achieve his own personal goals or motives, then he will indeed do so. "Power corrupts, and absolute power corrupts absolutely."



### Implication for a Description of Organizational Goals

Drawing the consequences of this point of view we see that in order adequately to describe the decision goals of an organizational sub-unit, or those of a single decision-making role-incumbent, it will not be sufficient merely to indicate:

1. the legal, organizational, inter-group, or inter-personal constraint sets operant on his role behavior for the decision problem we are interested in studying.

We must also be able to specify:

2. what costs or personal sanctions are perceived to be attached to the role-incumbent's violation of such constraints on his behavior as we can identify; or conversely, what personal rewards are thought to be forthcoming to him should he not violate the organizational constraints in question.

And then we must adequately be able to describe:

- 3 the personal goal structures or motivations of the particular individual role-incumbents we are studying.

### Measurement of such Personal-Organizational Goals

The first set of measurements I shall simply assume is presently empirically feasible, obtainable say by means of quite direct interviewing procedures from the organization members involved in whatever slice of the choice process we are focusing on.



The second set of measures seems to be a good deal less public. Personal costs, Dms' private evaluation of potential sanctions, and possibility estimates of "being caught" violating various organizational role constraints are not likely to be explicitly formulated in advance of such considerations' actually influencing role incumbents' decision behavior. We might thus expect not to be able to measure "perceived costs of constraint violation" directly, say by means of graded questioning. On the other hand we might be able to obtain a partial measure by identifying that class of constraints which is unquestionably taken as fixed by certain role encumbents, as well as the class of constraints taken to be impudently violatable, or negotiable, under which identifiable organizational conditions.

Finally, with regard to the third and perhaps most intractable dimension of the organization goal measure indicated above I have somewhat more elaborate suggestions to make:

#### On the structure of Personal Goals

Perhaps in no field of social science has its practitioners managed quite so successfully to cloak themselves in a mantle of mystique as in the study of personal goals, or as the area is often referred to by psychologists: "values", "motivation", or "personality". Sigmund Freud certainly hoped to clarify our notions of psychic energy or personal motivation by elaborating his "libido", "ego", and "super-ego" concepts. Yet Freud's apostles have not succeeded in providing, at least this writer, much grounds for hope that we will be able to interpret the psychoanalytic "personality growth" model sufficiently operationally in an organizational decision context, to make



Freudian theories <sup>to be</sup> of much direct assistance to us in our study of personal decision goals. But having once gone to some length in trying to apply psychoanalytic theory in this respect, I have at least learned the following lesson:

A theory of personal goals, to be useful for organizational analysis, would hopefully demonstrate that:

A. Personal decision goals in most instances consisted of a very small set of what we might call Primary goal-attributes, say about one to three in number, which if satisfied by an alternative, beyond a certain high level of attainment, would dominate all other goal considerations lexicographically.

"Sex" is certainly a fine candidate for consideration in that regard. In an occupational context "social recognition", or simply "staying out of trouble" might well be considered. "Fear of loss of job", "personal insecurity toward authority figures", or even "creature comforts" seem a priori quite reasonable, as well as, obviously, straight forward "desire to do a good job", "thirst for political power", or "ambition for a specific career position". Different factors might well be Primary goal-attributes for different persons.

B. Such a small number of personal Primary goal attributes -- if such indeed could be shown to exist -- were reliably inferable from organizational behavior, say by means of careful, indirect interviewing techniques, and/or by more direct observations of subjects on, or even off, their jobs.





A sufficient condition for obtaining reliable measurements of individual goals in this respect would obviously be that n (say four) clinicians arrived at the same personal "profiles" for the same individual subjects, independently of each other. But obtaining such a result in practice appears to be almost too much to hope for at present.

- C. The inferred personal Primary goal attributes were stable over each role-incumbent's various organizational decision problems. Or else our theory would also have to predict which Primary goals would be associated with which or be evoked by what organization role contexts.

If such were the case -- that Primary goals indeed did turn out to be stable over decision contexts -- then we should finally have obtained for ourselves an empirically acceptable definition of the much maligned "Self" or "Personality" concepts currently so popular among certain persuasions of organizational theoreticians.

- D. Finally, Dm's personal Primary goals were (will need to be) translatable by our theory into the particularized descriptor attributes relevant to each specifically defined choice problem facing Dm in the exercise of his organizational role.

For example, "social prestige", when deciding if and where to relocate his company's Research and Development Division, might well be translated into Dm's being "biased toward a Cambridge location" -- whereas the same underlying "social prestige" value gets translated into "bias toward time-sharing computer-



ization" when the same Dm is deciding if and how to revamp his Division's manner of cost accounting.

### The Confirmation Theory of Decision Making

Having spent the better part of three years observing fairly sophisticated decision makers solving problems in a variety of choice contexts I'd say it is necessary, in order to describe choice behavior adequately, to distinguish sharply between at least three, perhaps four phases of the decision process, <sup>(31)</sup> more specifically, between the:

- I. Problem Definition and Planning;
- II Decision Design, Search, and Evaluation; and
- III. Choice Confirmation and Commitment Phases.

It would be much too lengthy to go into details below, so we shall have to limit our discussion by focussing on some of the organizational implications of this unfortunately somewhat elaborate theory of human choice. Consider each of the above problem solving phases in turn.

#### I. Problem Definition and Planning

Dm's initial recognition that indeed he, or the part of the organization he identifies with, has a problem to solve -- and the subsequent decision to allocate attention and resources to working in that "area" of the organization environment -- are extremely important, poorly understood, and to date little studied processes of organizational decision making. There



is however little doubt in my mind that this phase of the choice process, particularly in cases where such problem finding is highly discretionary, provides occasions for individual role incumbents to exercise what are now unrecognizedly wide powers of decision making, enabling them thus to influence organizational resource allocation in directions often highly compatible with their personal Primary goals. (32)

Such opportunities for major influence on final choices, by individuals who are not necessarily high in the "formal" organizational power hierarchy, exist to a large extent also in the subsequent phase of decision making, namely at the Problem Definition and Solution Planning stage--particularly if the problem found to be facing the organization is agreed to be "novel", or thought to be particularly difficult to solve. Operationally, the first part of this decision phase serves to transform an organizational sub-unit's vague recognition that "a problem exists" into a Problem Definition in terms of a. Similar Problem Types previously encountered by Dm and/or b. a specification of one or more "Ideal Solutions" Dm hopes to attain for such a Problem Type. The latter part of this phase is then characterized by Dm's attempt to derive a set of operational detail criteria, i.e. a Plan, which is then used for generating and evaluating decision alternatives.

## II. Decision Design, Search, and Evaluation

Above I already mentioned one implication for organization theory <sup>viewing</sup> of our Dm's Search for Alternatives, not as a sequential, say aspiration-level controlled exploration of the problem environment, but in terms of a "parallel" evaluation process, where Dm in effects operates on a set of generated, and organizationally potentially acceptable, choice alternatives simultaneously (p.13).



Similarly, during the Decision Design phase, my observations clearly indicate that Dms in most situations evaluate each considered choice alternative by means of a series of Screening Stages, such that each new alternative is successively more thoroughly investigated, and simultaneously evaluated, by Dm's stepwise collection of additional information about it -- which is then passed through an increasingly elaborate set of constraints or goal attribute tests. These tests are as a rule defined along quite different and usually non-compared goal dimensions.

Even more interesting to our discussion here is the following observation regarding the actual choice process:

If an alternative violates one or more of Dm's "important" constraints, what we might call Secondary Goals, then this is usually a sufficient condition for his rejecting that alternative, or at least for his attempting to redesign it. On the other hand, a given alternative's non-violation of all Secondary and Primary goals dimensions is by itself not generally a sufficient condition for Dm's settling for it as the solution to his problem. However, should an alternative happen to score "unusually good" on any Primary goal <sup>this</sup> then together with the alternative's non-violation of all other Primary goals and most Secondary goals, does constitute a sufficient set of conditions for Dm's acceptance of it as his solution to the problem. (33)

Furthermore, the data referred to above provides strong support for the interpretation that each decision maker does indeed consult only one, two, at





most three Primary goal dimensions when making his final choice selections. Whether these Primary goals attributes are also stable and can be predictably translated from one organizational choice context to another, are obviously rejectable empirical questions -- which I'm not prepared to answer at this point -- but which, as indicated, constitute the obvious next hypothesis to be examined by this type of research.

### III. Choice Confirmation and Commitment

However, having once identified for himself a Choice Candidate alternative, Dm is by no means finished with his decision processing. He now enters the next phase, which lent its name to this version of a decision theory; namely his Confirmation process. Most Dms appearantly need to construct themselves "rational" arguments, decision rules in effect, -- a "utility weighting function" if you please -- for why the particular alternative that has already been implicitly chosen is indeed Dm's "best solution" to the defined problem.

Confirming a choice is at times a laborious, time-consuming, and often quite an anxiety-producing process. I shall not enter into here just how Decision Confirmation takes place -- that has been done elsewhere,<sup>(34)</sup> -- but I would like to point out a few organizational implications of the existence of such a decision making sub-process.

Most obviously the presence of need-for-Confirmation implies that the taking of decision is a non-symmetrical and partially irreversible process. Any given choice alternative will thus not be evaluated similarly before versus after Dm has implicitly determined his choice for any given problem.



In general Dm's post-hoc Confirmation Decision Rule, i.e. his choice rationalization in effect, is usually not identical to, nor necessarily congruent with, the usually much simpler manner in which Dm originally went about reaching his implicit decision. Yet every new alternative that now comes along, after Confirmation has begun, will now be subjected to Dm's "artificial" decision rule, and will in fact in all but the rare case be summarily rejected, even in instances where no visibly external costs have yet become attached to Dm's re-opening the problem for reconsideration. (32)

In short, when decisions have reached the stage that they can be privately "reasoned through" they are already well on the road to becoming ultra-stable and well-protected by an explicitly, if only partially "true", decision rule. The Confirmation hypotheses will be stronger in their effects, I would predict, the more important the decision problem facing him is in Dm's personal life-space. So concluding our discussion let me now point out at least one interesting implication of the Choice Confirmation phenomenon for our theories of organizational behavior.

#### A Final Implication of the Confirmation Decision Model for Organization Theory

Their choice of occupation or organization to work for is a very important decision for most organizational participants. Confirmation theory would predict that "decision to participate" and the "decision to leave" are non-symmetrically such that most Dms' will exhibit a tendency to want to stay with the organizations they have chosen to work in. Furthermore, as Festinger's Dissonance theory would lead us to expect, Dm's explicable decision rule for why his particular choice of



organization is "best for him" -- provided only that his Primary goals are not grossly violated meanwhile -- will become even more elaborate, and increasingly explicitly communicable, after Dm has been working in his organization for a while.<sup>(36)</sup> Indeed, I would hypothesize that Dm's explanation for why he doesn't change organizations will adapt to meet even quite dramatically changed organizational or environmental conditions, if Dm's Primary goals are not grossly violated thereby.

Conversely, if Dm's Primary goals should become grossly violated, the prediction is that Dm will then dream up all kinds of reasons -- e.g. will add additional Auxilliary goal attributes to his goal structure -- for why he wants to move away from his organization. Yet empirically such a direct violation of one of Dm's Primary goals would seem to be a relatively rare phenomenon for a Dm to experience in an organization which he had originally selected patently for its outstanding value along those very goal dimensions.

Thus I conclude that organization theorists have been altogether too much occupied with trying to explain "organizational mobility", and have not yet paid enough attention to exhibiting the reasons for the amazing stability of membership observable in most every-day organizations. Relatively speaking only a small number of people actually get up and leave their organizations of their own initiative I would predict. Of people that do leave a large number, indeed the majority, I expect will be found to do so for organizationally "external" reasons, i.e. due to changes in their personal lives that have little or nothing to do with organization-influenced factors.



More specifically, I would guess that -- I haven't looked at relevant data yet -- a majority of people in fact shift organizations either because:

- a. their own prior, or post-hoc, career Plan, their family obligations, or personal life cycle simply called for such an organizational change to occur -- not that they were necessarily "unsatisfied" with their own performance or the rewards of their organizational role;
- b. some un-searched-for job opportunity came along unexpectedly, which they "just couldn't afford to turn down" -- not that they were necessarily "unsatisfied" with their present organizational role and thus actively searching for new opportunities; or
- c. they were simply asked to leave the organization they were with -- not that they were necessarily "unsatisfied" with their present organizational role.

Otherwise, as long as their Primary goals are not grossly violated, Dms once working in an organization will tend to bend like rubber men -- a species distinct from either economic or administrative man -- in adapting their "organizational participation decision rule" to almost any subsequent violation of their Secondary (and Auxilliary) personal goals.

In effect, contrary to inducements-contributions theory, we expect that Dm will not be observed to shift organizations whenever "inducements" fall below "contributions" -- particularly where "contributions utilities" are defined to be the "inducement utility" of Dm's best presently perceived alternative,<sup>(37)</sup> i.e. his current opportunity cost, and inducement "utilities"





are measured by "weighting and summing" alternatives' value-attributes according to the relative importance weight which Dm in his reported decision rule claims that he is attaching to the sundry Value or goal dimensions imbedded in his occupational choice.

### Conclusion

Returning full circle then to our initial argument: If the decision-not-to-leave-the-organization is thus observed to be ultra-stable and well-protected we are provided with yet another potent reason for believing that most Dms indeed will seek expression and fulfillment of their Primary and Secondary goals in the exercises of their organizational roles, whenever opportunities are found to do so without incurring prohibitive personal costs by directly violating well-defined organization expectations or constraints. The plainly personal goal structure of key individual role incumbents for this reason becomes an important ingredient to study even for theorists presumably interested in understanding and predicting "purely" organizational choice behavior. This is surely not a starting conclusion for us to arrive at, but it points out a direction which too long has been deserving attention and conceptualization by analytical organization theorists.



## NOTES

1. Yet see E Schein, who in his Organizational Psychology, Englewood Cliffs, N J , 1965, manages to get along without a single reference to human choice or organizational decision processes.
2. The traditional economic theory of the firm is of course an outstanding example, for examples see Note 6.
3. For example, R.M Cyert and J G. March, "A Behavioral Theory of Organizational Objectives," in Modern Organization Theory, M. Haire (ed.), New York, 1959.
4. From "...the basic features of organization structure and function derives from the characteristics of human problem solving processes and rational human choice" (Organizations, 1958, p. 169), to "It appears convenient to use the term 'organizational goal' to refer to constraints...imposed by the organization, that have only an indirect relation with the personal motives of the individual who fills the role." "On the concept of Administrative Quarterly of Organizational Goal," 9, 1964, p.1.
5. "Decision maker" is hereby abbreviate to "Dm".
6. See for example, G. J. Stigler, The Theory of Price, New York, 1946, pp. 20-38; J. M. Henderson and R. E. Quandt, Microeconomic Theory, New York, 1958, pp. 42-75; or R. Dorfman, The Price System, Englewood Cliffs, N. J., 1964, pp. 14-72.
7. See for example, M. Weber, The Theory of Social and Economic Organization, translated by T. Parsons, Oxford, 1947, pp. 324-329; D Waldo, The Administrative State, N. Y., 1948, pp. 76-88; or F. M. Marx, The Administrative State Chicago, 1957, pp.37-45.



8. See for example L. H. Gulick and L. Urwick (eds.) Papers on the Science of Administration, New York, 1937; pp.49-78; or P.F. Drucker, The Practice of Management, New York, 1954, pp. 351-369.
9. D. M. McGregor, The Human Side of Enterprise. New York, 1960, pp. 124-131.
10. R. M. Cyert and J. G. March, The Behavioral Theory of the Firm, Englewood Cliffs, N.J., 1963, Chapter 3.
11. See for example K.E. Boulding and W. A. Spivey, Linear Programming and the Theory of the Firm, New York, 1960, pp. 1-17.
12. W. J. Baumol, Business Behavior, Value, and Growth, New York, 1959, pp. 45-53.
13. W. J. Baumol, "On the Theory of Expansion of the Firm", American Economic Review, 52 1962, pp. 1078-87.
14. P. F. Drucker op. cit.
15. M. Weber, op. cit. See also T. Parsons, Social Structure and Personality, London, 1964, pp. 193-208.
16. See for example C. Argyris, Integrating the Individual and the Organization, New York, 1964, pp. 146-163.
17. Cyert and March, op. cit , Chapter 8.
18. N. Georgescu-Roegen "Choice, Expectations, and Measurability" Quarterly Journal of Economics, 68, 1954, pp. 503-34.



19. A lexicographic preference order derives from an underlying multi-dimensional goal structure with zero rate of substitution and linear hierarchical dominance between dimensions. In effect an alternative is preferred to another if it "is better" than the latter on the hierarchically top-most goal attribute, regardless of other alternatives' relative scores on any other goal-attributes. Only in case of indifference with respect to the top-most <sup>goal</sup> will the next, hierarchically lower goal-dimension be consulted to break the tie.

Opponents of the analytic complications introduced by assuming lexicographic preference orderings object that only in extremely rare cases will third, fourth dimensions, etc., be needed to break ties among alternatives. As a compromise Banerjee suggests our being openminded enough at least to accept two-dimensional lexicographic scales as a reasonable analytic tool for economists to make use of, particularly for cases involving stochastic uncertainty of choice consequences (D. Banerjee "Choice and Order: or First Things First," Economica, 31, 1964, pp. 158-167.)

20. J.S. Chipman, "The Foundations of Utility" Econometrica, 28, 1960, pp. 193-224.

21. M. Shubik, "Objective Functions and Model of Corporate Maximization", Quarterly Journal of Economics", 75, 1961, pp. 347-375.

22. J. Encarnacion, Jr., "Constraints and the Firm's Utility Function", Review of Economic Studies, 31, 1964, pp. 113-120.

23. A. Charnes and A. C. Stedry, "Search-Theoretic Models of Organization Control of Budgeted Multiple Goals" Management Sciences Research Report No. 32, Carnegie Institute of Technology, 1965.





24. H. A. Simon "On the Concept of Organizational Goal", Administrative Science Quarterly, 9, 1964, pp. 1-22.
25. Ibid. p. 7.
26. Ibid. p. 21.
- 26a. March and Cyert apparantly believe that sub-units' goals have arisen at some point in organizational history from "coalitions" forming among organization members, although the authors leave description of the process to the reader's imagination. op.cit., p. 29-32.
27. H. A. Simon, op. cit. p. 12.
28. Ibid. p. 11.
29. P. Soelberg, First Generalized Decision Process Model: GDP-I, forthcoming.
30. For example, even with a highly mechanized decision rule such as the one installed in a paint factory by C. Holt, F. Modigliani, J. Muth, and H. A. Simon (Planning Production, Inventories, and Work Force, Englewood Cliffs, N J , 1960 did not prevent production schedulers from exercising quite a (dysfunctional) bit of discretion in implementing the rule.
31. P. Soelberg, op. cit.
32. H. A. Simon, in personal conversation, August 30, 1965.
33. P. Soelberg, op. cit.
34. Ibid.



35. A process Leon Festinger, among others, believes is characterized by a certain amount of "dissonance reduction," Conflict, Decision, and Dissonance, Stanford, 1964.
36. Some of V. Vroom's data, referred to in a recent working paper, "Organizational Choice, a Study of Pre- and Post-Decision Processes" Carnegie Institute of Technology, 1965, is also compatible with this interpretation.
37. J. G. March and H. A. Simon, op. cit., pp. 84-88.

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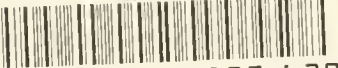
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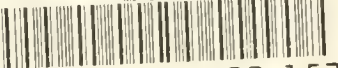
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