In chapter 3, we applied the feudal model to an examination of interorganizational relations. We discussed, in particular, how corporations and governments collude and conflict with each other, resulting in various “feudal” elements, such as the purchase of political influence and the use of money in election campaigns. In this chapter, we pursue a similar approach, but apply the feudal model to the study of social relations between individuals, departments, and other units inside organizations.

To begin with a classic definition, an organization can be understood as a group of individuals who work together toward a common interest or goal. A formal set of rules and a fixed understanding of authority, occupational roles, and responsibilities shape the actions of individuals (or organizational sub-units) (Handel 2003). Ideally, in other words, all members of an organization use officially established means to achieve officially established goals.

This definition is consistent with the bureaucratic model of organizations formulated by Weber (1978). Organizational structures, according to the model, are hierarchical; communication is limited to superior-subordinate relations; occupational jurisdictions are clearly marked; and daily operations are coordinated and guided by explicit, impersonal rules, written documents, scientific research, and expertise. Writing in the early twentieth century, Weber argued that bureaucratic organization was more efficient and technically superior to all other organizational forms, and that its future success and proliferation was inevitable.

The usefulness of Weber’s model to contemporary social scientists, however, lies not in what it predicts or what it says about organizations per se.
Rather, it contributes most as a tool of comparative analysis. Weber himself used “bureaucracy” to elucidate the characteristics of the “patrimonial” model of government organizations, and vice versa. The bureaucratic model has served as a point of departure, comparison, and criticism for a number of major theoretical perspectives, such as the human relations school, humanistic management, open systems perspectives, and organizational culture (DiMaggio and Powell 1983; Pfeffer and Salancik 1978; Mizruchi 1996). In this chapter, we examine intraorganizational conflicts, which contrast with the expectations of the bureaucratic model and other functional, rationalistic approaches to the study of modern organizations.

Starting in the 1950s—not long after Weber’s work first appeared in English—organizational researchers began investigating conflicts within organizations. It soon became clear that much of the behavior generated by conflict processes and outcomes could not be understood with the classic bureaucratic model (Handel 2003). Since then, the study of intraorganizational conflict has produced numerous empirical and theoretical contributions (e.g., Benson 1973; Kolb and Putnam 1992; Lewicki, Weiss, and Lewin 1992; Morgan 1981; Pondy 1967; Walton and Dutton 1969). This chapter offers a conceptual framework that synthesizes some of these perspectives into a cohesive whole, the feudal model.

Uses of the Feudal Model in the Study of Organizations

We have two aims in mind as we apply feudalism to the study of intraorganizational conflict. First, we use the feudal model as a general theoretical framework to clarify a number of recurrent conditions under which intraorganizational conflicts emerge. Several researchers have offered answers to the question of what causes conflict inside organizations. Moving back and forth between empirical evidence and two ideal types (feudalism and bureaucracy), we aim, as in earlier chapters, to expose these answers to a wider range of historical cases, to conceptualize them as universal social patterns, and to delimit their application to modern organizations. By showing that people in both the medieval and modern contexts have responded in similar ways to similar circumstances, we attempt to identify and illuminate what Bendix (1963, 535) calls “sociological universals.”

This approach should be distinguished from an attempt to use historical
parallels to build predictive models and validate causal relationships. Less ambitious and deductive, our aim is not to reveal the organizational factors that, taken together, determine feudalism. Rather, it is to reveal the social patterns that belie conventional, rationalistic models of contemporary organizations (bureaucracy in particular), and demonstrate that these patterns are recurrent in diverse historical contexts. Our comparative approach, in other words, is more akin to the logic of descriptive analysis than that of causal, statistical analysis.

Second, though we do not pursue this point extensively, we suggest that feudalism, and the medieval kingdom in particular, may be a useful metaphor in the context of organizational analysis. As many linguists and other social scientists have suggested, metaphors play an important role in the way people structure their thoughts and perceptions in everyday life (Lakoff and Johnson 1980; Maasen and Weingart 2000). We suggest that the same logic holds in the process of social scientific inquiry. Metaphors are indeed prevalent in the organizational literature and in social science generally. Metaphors such as the machine, the organism, and the pyramid have been used to highlight a particular set of ideas about the nature of organizations, and to make them more available and understandable to observers. This availability, in turn, shapes the way students learn about organizations and the way scholars investigate them. We hope our references to medieval social actors and organizations—and the feudal model in particular—will make a small contribution merely by directing attention to an alternative set of ideas and encouraging organizational inquiry on useful, and sometimes new, questions.

Characteristics of the Feudal Model

All complex organizations are composed of several differentiated parts (departments, branches, work groups, task forces, and so forth). The subunits may differ in size and function, but members of the organization generally recognize the borders between them. Based on the bureaucratic model, each subunit is defined by official tasks and objectives, as well as by official means to

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1. For example, in Social Origins of Dictatorship and Democracy, Moore (1966) shows that several historical cases have a certain social phenomenon in common, as well as the same set of hypothesized causal factors explaining the phenomenon. In a similar vein, Parsons (1951) offered detailed, deductive historical parallels (and contrasts) to support his assumptions about the function of societies as “social systems.”
achieve these objectives—including specified procedures and protocols, formalized levels of authority, and other mechanisms. Of course, the character of goals and means differs across organizations, along with the given bureaucratic structures (from loosely coupled systems to rigid hierarchies), but the idea that the subunits should operate within the bounds of official goals and means represents a basic assumption for any model of bureaucracy. The individuals within each subunit are also responsible for different tasks and objectives, but for now we will treat the “subunit” as the main subject of analysis.

In short, the bureaucratic model suggests that the subunits of organizations pursue official goals using official means. In actuality, as many researchers have found, they often operate in ways that contradict one or both of these criteria. As illustrated in table 1, a subunit may use unofficial means to pursue official goals, use official means to pursue unofficial goals, or use unofficial means to pursue unofficial goals.

We refer to these patterns as “feudal conflicts,” or as parts of the feudal model, because they were especially common in western European societies during the early Middle Ages, when the central authority (the king) was often too weak or disorganized to fully regulate the feudal lords and other powerful social actors residing in the territory. Although the lords were technically bound by written, verbal, and implied agreements, they often ignored or rejected the dictates of the king, particularly in times when their level of military power or political influence was relatively high (Shlapentokh with Woods 2007). Applying the feudal model to modern organizations, the king represents the central authority or top management, while the feudal lords symbolize the disparate subunits of the organization.

In each of the three variants of the feudal model, some form of conflict occurs as a subunit disregards or contradicts the organization’s official goals, means, or both. While there are numerous definitions of “conflict” (Fink 1968), we follow Deutsch’s (1973) conceptualization, which emphasizes the behavioral aspect. Using behavior as the defining characteristic of feudal conflict is important for at least two reasons.

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<td>Bureaucratic models of various types</td>
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<td>Uses unofficial means</td>
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First, the subunits of an organization may be deeply divided on a given issue and harbor negative attitudes toward other subunits or the central authority, but their activities may remain clearly within the boundaries of the organization’s official means and goals. As discussed by Kolb and Putnam (1992, 132), divisiveness and confrontation between subunits may “occur informally and out of sight,” or at least remain latent until a breaking point, at which time the conflict results in feudal elements.

Second, some conflict-driven organizational environments may, under some conditions, have positive effects (Smith 1966). Many organizations are intentionally structured as highly competitive settings in which individuals and subunits vie for the organization’s limited resources, without transgressing official means or goals (Butler 1973). In addition to the motivational benefits, disagreements may also help to illuminate all sides of an organization’s problems and reveal a range of creative solutions (Landsberger 1961). A conflict of this sort can produce innovation without breaching normative boundaries, and can be resolved through conventional bureaucratic mechanisms.

Feudal conflicts, in contrast, involve behavior that goes beyond the official means and/or goals of an organization. This is not to say that all feudal conflicts are damaging, illegal, or even “deviant,” according to the unofficial norms of the organization. As illustrated by the “functional semifeudal” variant (see table 1), a subunit may use unofficial modes of conduct to pursue official objectives. In this chapter, however, we place greater emphasis on feudal conflicts that reflect the “dysfunctional semifeudal model” or the pure “feudal model,” which have received less attention in the literature and represent the clearest contrasts with the rational, organismic models.

A note should also be made about the parties involved in feudal conflicts. From a classical sociological perspective, conflicts are primarily driven by structural inequalities. The orthodox Marxist perspective, for instance, anticipates class struggles or conflicts between groups of disproportionate socioeconomic status. On the one hand, the feudal model follows this line of thinking, which rightly emphasizes conflicts between two important organizational subunits: workers and management. On the other hand, the Marxist perspective disregards conflicts between subunits of the same social class. The feudal model, in contrast, anticipates these conflicts, as well as the struggles between subunits that comprise multiple classes of workers and personnel. In short, the feudal model focuses on both the Marxist and non-Marxist dividing lines of intraorganizational clashes.

Drawing on a broad range of studies, the remainder of this chapter attempts
to identify some of the conditions under which feudal conflicts arise in both modern and medieval organizations, and to discuss the consequences of these developments. This model builds on a number of earlier works on intraorganizational conflict (Walton and Dutton 1969; Benson 1973; Kolb and Putnam 1992; Morgan 1981), as well as the classic and contemporary research on the principal-agent problem (Brehm and Gates 1999). We also owe a special debt to Dalton, who was a trailblazer in feudal analysis, if by another name. His work, though dated, is vital for understanding modern organizations from the feudal perspective.

Decentralization Versus Feudalization

As discussed in previous chapters, the territorial integrity of the medieval state was limited. In western Europe, following the death of Charlemagne in the ninth century, a number of powerful, autonomous agents emerged, often clashing in their efforts to seize land and wealth from each other and from the crumbling Frankish kingdom (Duby 1977; James 1982; Jones 1999; Elias 1982). As discussed by Elias, “after the fall of the Roman Empire in Western Europe, centrifugal forces prevailed for a long time. Even if Charlemagne managed to unite a huge empire during his lifetime, his successors lacked the means to keep it together. For many centuries, centripetal forces were too weak to sustain a stable central power over a large territory for any considerable period” (Elias 1998, 24).

Even powerful kings depended greatly on the cooperation of their vassals to govern. Until the rise of absolute monarchies in the seventeenth century, the lower lords enjoyed a wide span of control and often used their autonomy to maximize their own interests at the expense of the king. In short, the governing powers of medieval states were both highly decentralized and prone to feudal conflicts. Whether applied to relationships between organizations—as examined in the previous chapters—or relationships within them, the inability or unwillingness of the central authority to control smaller units is a key characteristic of the feudal model. Although not a synonym of feudalization, decentralization in medieval times was associated with feudal tendencies.

Not unlike the medieval kingdoms, some highly decentralized modern organizations also lack the ability to fully regulate their disparate units at times. The decentralization of corporate enterprises increased in the late twentieth century as many large firms responded to shifts in world markets by changing their strategies and loosening their hierarchical structures. As Kolb and Putnam
(1992, 313) suggest, firms moved from bureaucracy to adhocracy, that is, they became “less hierarchical, and more dominated by task forces, project teams, and product groups—entities which can respond more quickly to changes in strategy, markets, and technology.” Similar to adhocracy is the notion of “loosely coupled systems” (Morgan 1981, 34). Loose coupling refers, among other things, to the tenuous connections between an organization’s subunits, which preserve their identities and remain separate from each other or the central authority (Weick 1976).

Under some circumstances, expanding the autonomy of subunits creates “problems with coordination and control” (Miller and Gubin 2000, 79; Blau 1970, 1972), or, in other words, increases the potential for feudal conflicts. Given the weak and undefined structure of some decentralized organizations, or adhocracies, the subunits sometimes clash on issues of authority and responsibility (Mintzberg 1979). A link between adhocracy and conflict has been found in a number of different organizational contexts (Green 2003; Desveaux, Lindquist, and Toner 1994). The research on loose coupling also highlights the relative weakness of the central authority and the precarious relations between the subunits.

A prime example of loose coupling can be seen in business alliances or joint ventures, which are based on formal agreements between firms to undertake economic activities together. The number of these alliances grew dramatically in the last two decades of the twentieth century. Some American firms, such as Hewlett-Packard, Corning, and Coca-Cola, became known as effective managers of alliances. Business alliances are also known to achieve consistent success in foreign countries, particularly Japan (Gerlach 1992). In general, however, alliances are highly unstable. In the American market, the failure rate stands at roughly 50 percent (Kale, Dyer, and Singh 2002; Kogut 1989). Even when large departments are created to coordinate alliances, the relative weakness of the central authority, along with a number of associated factors, which we discuss later (opportunism, lack of trust, uncertainty, dependency, and rivalry), commonly lead to their downfall (Park and Ungson 2001; Khanna, Gulati, and Nohria 1994; Kogut 1988; Park and Russo 1996; Killing 1983).

The instability that arises in decentralized organizations is a universal phenomenon, seen in both modern and medieval contexts, which highlights the tension between a large, complex organization’s efforts to establish order and operational efficiency, and the social forces and human appetites that fragment the power structure and distort formal mechanisms of coordination. As discussed in the next sections, however, decentralization is a general process,
Structural Interdependence and Feudal Conflict

Decentralization involves the dispersion of decision-making power across the subunits of an organization. This process does not, by definition, create feudal tendencies. In many cases, adhocracy is the most appropriate framework for coordinating organizational communication and other activities. It may, in fact, lead to greater creativity and innovation within the subunits, greater information flow between them, and greater overall productivity and efficiency, which clearly fall within the bounds of official goals and means (Chang and Harrington 2000; Weick 1976). Adhocracy or loose coupling, as Weick (1976) points out, may reduce conflicts between subunits by virtue of the diminished interaction between them and the looser demands placed on coordinating their activities.

Moreover, in the case of most American businesses, power remains concentrated at the top, even when the responsibility for decisions and profits is “decentralized” (Jackall 1988). Decentralization, from this perspective, may actually help a large organization increase its authoritarian dominion over its disparate parts.

For these reasons, feudalization is more germane than decentralization to the relative strength of the central authority, and to the organizational structures (formal and informal) that coordinate the subunits. Reflecting on the medieval context, we might suggest that decentralization was a less direct predictor of insubordination on the part of local lords than was the king’s military might, and the formal and informal mechanisms he used to make his might felt throughout the territory.

From the time of the early Carolingians in the eighth century, responsibilities for governing the land were dispersed among numerous lower lords. The Frankish kingdom was indeed a decentralized political organization, yet feudal conflicts were less common under Frankish rule than in earlier and later periods of French history. Social order was especially well established under the powerful Charlemagne. At this time, the local actors were bestowed their powers as “honors,” not “benefits.” As Bloch explains (1989, 192), honors “were not granted for life,” and “their occupants could always be removed from office even without any fault on their part.” In spite of the evident decentralization of governing power, Charlemagne was able to keep the local lords in line.
Later, as the crown weakened, the holders of honors gradually transformed themselves into “territorial potentates,” and their honors, in practice, became benefits “firmly rooted in the soil” (Bloch 1989). The lower lords of the provinces increased their military fortitude, acquired new estates, built castles at strategic junctures along trade routes, developed independent connections with other power holders—the Church in particular—and expanded their network of vassals. Considering the essential needs for security and control over land, there was still a great deal of dependency between the king and lower lords, as well as an official hierarchy in place. This interdependence became problematic, however, when the two parties enjoyed disproportionate privileges. The lower lords always had a greater incentive to betray or renegotiate the formal and informal agreements that united them, resulting in increased tension and feudal conflict.

In order to survive in a competitive environment, modern organizations, like medieval kingdoms, must coordinate their disparate parts and secure some degree of cooperation among them. To this end, most organizations establish a formal hierarchy and official procedures to facilitate mutual compliance. As a result, each subunit, no matter how powerful, relies on other subunits to achieve its goals. This reliance is commonly known as “structural interdependence” or “task dependency.” Although there are great differences between the modern and medieval procedures used to instill cooperation, the challenge of succeeding in this respect, particularly when the central authority is weak, represents a universal organizational dilemma.

Line-Staff Conflicts

Dalton (1950a, 1959) provided a classic study on the struggles caused by structural interdependence (among other things) in three industrial plants. Responding to the need for greater specialization in a period of rapid technological expansion, top officials at these organizations called increasingly upon “staff officers” (specialists in a particular field) to facilitate greater efficiency and increase production. Staff officers controlled large financial resources in order to develop new means to increase productivity. To complete their tasks, however, they depended greatly on “line officers,” who held formal authority over production processes.

Fueled in part by the high level of task dependency and the differences in their formal occupational roles and authority, the line and staff interacted in
a “system of conflict,” which led to a variety of feudal elements or conflicts. One type of feudal conflict occurred when the formal rules that coordinated line and staff activities were unevenly enforced. Permission to bypass or break the rules became a bargaining chip that could be used by the subunits to pursue their opposing interests. For instance, a staff officer might have allowed members of the line to break certain rules in order to gain their support on a different project (often one in which they had a personal stake) (Dalton 1950a). The rules themselves, in this case, created a situation that was the opposite of their intended effect. According to both classic (Gouldner 1954) and contemporary researchers (Handel 2003), the manipulation of formal rules is a common practice in other organizations as well.

The second feudal element discussed by Dalton was interdepartmental bribery. This form of corruption has been studied primarily as an interorganizational phenomenon, as in the case when a public official sells government property, permits, or licenses to a private firm for personal gain. Nevertheless, as Dalton found, a similar interaction sometimes occurred between subunits within a single organization, particularly when one subunit held power over decision making and the other controlled financial resources (a typical situation in line-staff conflicts). In order to gain the line officers’ “cooperation,” either to advance an official project or for their own personal benefit, staff officers would sometimes secretly “kick over” some of their funding to the line.

A third feudal element involved the direct sabotage of new production techniques. Staff officers were always concerned about how their plans to innovate the production process would be received by the line. Line officers, meanwhile, worried that any change in procedure would lead to personnel changes and ultimately diminish their authority. Both subunits, for this reason, used sabotage to protect their domains. As Dalton (1950a, 349) wrote, the staff officers “knew from experience that middle and lower line officers could always give a ‘black eye’ to staff contributions by deliberate malpractice.”

More recent research has identified sabotage as a growing problem in many contemporary organizations, especially with their greater vulnerability to computer-based sabotage (Domingues, Sousa, and Silva 2007). Taking one form or another, sabotage costs U.S. firms an estimated $200 billion annually (Harris and Ogbonna 2006; Murphy 1993). Research on this feudal element is difficult, given the need for respondents to disclose sensitive information. Nevertheless, a number of empirical studies have shown that sabotage is a recurring form of social interaction that plays an important role in the informal power structure of many organizations. Research on sabotage has been conducted in
the cases of manufacturing plants (Hodson 1997; Giacalone and Rosenfeld 1987; Juravich 1985; Pollert 1981); hospitals (Kerfoot 2007); an entertainment firm (Analoui 1995); restaurants (Harris and Ogbonna 2006); government bureaucracies (Brehm and Gates 1999); and several other firms (Harbring et al. 2007; Ambrosea, Seabright, and Schminke 2002; Sprouse 1992).

The three feudal elements discussed above should not be seen as abnormal or random acts, but rather as universal patterns of social interaction, which are shaped in part by the formal and informal structure, and the level of authority held by the organization itself. Given the nature of task dependency, feudal conflicts may occur even when one subunit holds more formal authority than the other. The lesser of the two almost always has access to alternative sources of power or leverage, such as financial resources, the directives from top managers, the manipulation of formal rules, personal relations, friendships, family ties, bribery, threats, and sabotage.

Professional-Bureaucratic Conflicts

In addition to the line-staff conflicts described by Dalton, structural interdependence has been identified as a key factor in explaining intraorganizational conflicts in a number of other contexts, including struggles between the operating and maintenance branches of industrial organizations (Dalton 1955); the production staff and auxiliary workers in an engine factory (Burawoy 1979); the purchasing department and other departments in several firms (Strauss 1962; Weigand 1968; Sheth 1973; Anderson and Chambers 1985); the various departments of a telephone company (Walton, Dutton, and Cafferty 1969); and the subunits of correctional institutions (Zald 1962).

Educational organizations are especially fertile grounds for feudal conflict (McGuire 1984; Kirst 1970; Wirt and Kirst 1972; Zeigler, Jennings, and Peak 1974; Falk, Grimes, and Lord 1982). All the key ingredients of feudalization—a host of powerful actors with overlapping spheres of influence, high structural interdependence, and divergent personal and group interests—can be found in most schools or educational institutions. The formal authority of a superintendent or principle is constantly challenged by the “lords” of the school board, the teachers, the parents, and even the students.

Corwin (1970) aptly used military metaphors in his analysis of interdepartmental conflicts in several Midwestern schools. Focusing on the clashes between teachers and administrators, he argued that those teachers who were more “professionally oriented” were more likely to seek and achieve autonomy, and
engage in conflict to protect it. In essence, the professionalism of teachers balanced the power between the “lords” of teaching and administration and stimulated confrontations over the educational kingdom’s limited resources (Larson 1977). Other studies supported Corwin’s findings in the case of schools (Falk, Grimes, and Lord 1982; Jessup 1978; Fox and Wince 1976; Hellriegel, French, and Peterson 1970).

Benson (1973) identified professional-bureaucratic struggles as one of the “fundamental contradictions” in many types of organizations. Drawing on previous works (Bucher and Stelling 1969; Bucher 1970; Freidson 1970a, 1970b), he proposed a “dialectical approach,” as opposed to a functional scheme, to analyze confrontations between professionals and bureaucrats.

Benson’s perspective is similar, in at least three respects, to the feudal model. First, it suggests that the central authority within organizations is often unstable. As in the case of conflicts between lower and higher lords in a medieval kingdom, modern organizational instability “grows out of inconsistencies and incompatibilities which are never fully resolved” (Benson 1973, 383). These “inconsistencies” include material conflicts of interest, organizational or geographical separation, and divergent values, beliefs, and ideologies. Second, social order in modern firms, as in medieval kingdoms, is often established through political maneuvers and informal negotiations, as opposed to purely bureaucratic, democratic, or market mechanisms. All complex organizations are influenced, to some extent, by the struggles between subunits and the informal strategies each employs to grab as much prestige, authority, autonomy, and financial reward as possible. And third, these contradictions, while usually masked or hidden by various devices, play a major role in “reshaping organizations,” particularly in times of crisis (1973, 383–84). Conflicts between subunits may, in some cases, bring about organizational change or even disintegration.

Corporate Conflicts of Interest

Conflicts of interest emerge when the leaders of an organization have an opportunity to benefit personally from their official acts or decisions. These conflicts produce feudal elements when they result in actions that go against the organization’s official objectives or its standards for achieving these aims.

In the last decades, there have been several examples of such abuses in the corporate world. In the 1960s and 1970s, the financial conglomerate Equity Funding committed massive accounting fraud, including the complete falsification of sixty-four thousand insurance policies (Demske 2003, 51). Numerous
top managers and even lower-level employees were involved in the scam. The fraud, which led to the collapse of the firm, cost investors hundreds of millions of dollars and brought the indictment of twenty-two company employees, along with Equity Funding’s auditors (Wells 1993; Reinstein, Moehrle, and Reynolds-Moehrle 2006; Dirks and Gross 1974). Large-scale fraud, insider transactions, misstatements on financial records, and accounting irregularities played a major role in the savings-and-loan crisis of the 1980s (Erickson, Mayhew, and Felix 2000), as well as many other high-profile corporate scandals, including the cases of the Cendent Corporation, ESM Government Securities, the HIH Insurance Group, the Barings Bank and WorldCom (Reinstein, Moehrle, and Reynolds-Moehrle 2006; Demski 2003).

By bringing these cases into the fold of the feudal model, we suggest that the subunits involved should not be treated as “isolated rogues” or a “few bad apples,” but rather as patterned manifestations of corporate structure and governance (formal and informal). To further this point, let us briefly consider the case of Enron, one of the most complex and well-known scandals in recent years. There were a number of organizational factors that engendered the feudalization of this firm.

First, members of Enron’s top management received a substantial portion of their salaries in stock options. At the time, there were no government or company regulations that controlled how or when they sold these valuable assets. In effect, Enron’s stock compensation program motivated managers to make decisions that stimulated short-term stock performance at the expense of the company’s long-term outlook and survival (Healy and Palepu 2003).

Second, the leadership at Enron promoted a particular culture or value system that encouraged rule breaking and aggressive tactics to maximize company profits. As a result, managers used both official and unofficial means (much of it illegal) to “create” earnings that artificially improved its bottom line and elevated its stock price in the short term (Sims and Brinkmann 2003). Top officials at Enron sold their shares before the company collapsed, leaving many investors—including pensioners and members of Enron’s own workforce—with nothing when the stock dropped to zero.

The ideal models of democracy, bureaucracy, and capitalism include well-defined mechanisms (the rule of law, internal regulations, or perfect markets) that reduce conflicts of interest and limit their negative effects on organizations and society as a whole. The feudal model, in contrast, assumes that these mechanisms are relatively weak and systematically ineffective. This was certainly true in the case of Enron, given its ineffectual Internal Audit Committee, which
was understaffed, inefficient, and consistently made mistakes (Healy and Palepu 2003). In other words, the relative weakness of Enron's Internal Audit Committee increased the power and autonomy of top managers, just as the weak central authority in the Middle Ages allowed the local barons and great landowners to defy or manipulate the commands of the king. Enron can be seen as a weak and fragmented medieval kingdom, in which top managers, lawyers, and accountants (knights and local barons) pursued their personal interests, while jeopardizing the kingdom's long-term stability, along with the interests of many of its subjects.

Uncertainty

Many organizational researchers, contingency theorists in particular, have suggested that decision makers are often forced to act decisively in highly uncertain environments. These circumstances often result in conduct that does not fit either the classic bureaucratic model or rational-choice theories (Simon 1979; Downey and Slocum 1975).

In medieval times, given the turbulent social and political conditions, uncertainty characterized many different types of social interaction and relationships, from small matters such as the level of a knight's wages (Hollister 1960) or the specific boundaries between castellanies (Fischer 1992) to the most significant question of who owed homage to whom. One famous case of the latter was seen in Franco-Norman relations after the Vikings took control of Normandy in the ninth century. While the French king Charles the Simple regarded the Viking leaders, now Norman dukes, as “powerful yet essentially ordinary feudal vassals,” the dukes themselves were reluctant to pay homage to the king (Hollister 1976, 203).

Prior to the Norman Conquest of England, there was only one act of homage made by a Norman duke to a French king, and even this one was ambiguous. In 1060, the Norman duke William the Bastard and the French king Philip I met at a neutral location on the Franco-Norman frontier and agreed to “a firm peace,” but it remained unclear as to whether their agreement represented a solid feudal contract or simply a treaty, which left the structural hierarchy between the two groups uncertain. As Hollister (1976, 203) explained, these

2. As Healy and Palepu (2003, 14–15) suggested, the committee "did not challenge several important transactions that were primarily motivated by accounting goals, was not skeptical about potential conflicts in related party transactions, and did not require full disclosure of these transactions."
circumstances “reasonably raised the question of who was subordinate to whom.” In the next centuries, the initial ambiguity in Franco-Norman power relations, not to mention their high structural interdependence, led to a great deal of conflict and war over the status of Normandy.

A number of empirical studies of modern organizations demonstrate how similar conflicts are caused in part by various types of uncertainty or ambiguity. In a study of industrial organizations, Barclay (1991, 154) found that “jurisdictional ambiguity” (that is, “the lack of clarity about which of two departments has responsibility for particular decisions or actions”) is highly correlated with interdepartmental conflicts. Barclay’s results confirm the findings of an earlier study by Walton, Dutton, and Cafferty (1969). These and other studies (Beck 1974; Jehn 1997) show that subunits are more likely to conflict when operational roles and the boundaries of authority are vague or uncertain. As in the case of the Franco-Norman power struggles, each side defines the relationship according to its own preferences, resulting in a greater potential for direct conflicts over scarce resources.

Ambiguous dividing lines between subunits also contribute to feudal battles over who should take the blame for organizational failures and the credit for success (Dalton 1950a, 1959; Dutton and Walton 1966; Walton and Dutton 1969). Similar problems arise when the criteria for evaluating the “effectiveness” of subunits are uncertain (Kahn 1964).

Perhaps the most destabilizing form of organizational uncertainty occurs when the subunits disagree about (or become indifferent toward) the formal objectives of the organization. Following the collapse of the Soviet Union, for instance, a number of experts argued that the North Atlantic Treaty Organization (NATO) would cease to exist without its clear mission of contending with the Soviet threat (Wallander 2000). Though NATO currently remains intact, international relations experts and commentators continue to cite “goal ambiguity” as a major obstacle to cohesive NATO activities, such as the provision of security in Afghanistan (Kulish and Shanker 2008).

Another example of the powerful effects of uncertainty has been seen in the newspaper industry, starting in the late 1990s. As news consumers turned increasingly to the Internet, there was a significant decline in circulation size and ad revenues at countless local, major metro, and national newspapers. To make matters worse, newspaper executives within and across news organizations disagreed about the strategic role of online publishing and the best plan for adapting to the Internet. Given the increased strategic and economic uncertainty, the famous turf wars between newspaper subunits, particularly the business
side versus the journalism side of operations, only became more divisive (An and Bergen 2007).

One of the industry’s most noted feudal conflicts was the newsroom revolt against the ownership at the *Los Angeles Times*. The ongoing struggle gained public attention in late 1999 over an ad revenue–sharing scheme that raised questions about the paper’s journalistic integrity. Between 2005 and early 2008, a number of top editors, including Carroll, Baquet, O’Shea, and even the publisher, Johnson, were fired or resigned in protest of proposed staff cuts and other changes in the newsroom (Seelye 2006; Pérez-Peña 2008).

Informal Power Structures and Personal Relations

A distinction should be drawn between the uncertainty caused by imprecise rules and the uncertainty that derives from the subunits’ intentional avoidance or transgression of the rules. In the latter case, ambiguity is systematically created and perpetuated by the members of the subunits themselves, either because they see the formal rules as too restrictive to allow them to fulfill their duties, or because they wish to capitalize on the various benefits of ambiguous power relations.

Uncertainty itself gives power holders leeway to pursue personal goals or unofficial group aims. This is not to say that uncertainty, by definition, leads to an abuse of power, but rather that uncertainty is a natural, enduring characteristic of both modern and medieval organizations, which elevates the potential for arbitrary actions. In Simon’s terms, “when the production function can’t be formulated in concrete terms,” the actions of a leader may be “influenced in subtle, and not so subtle, ways by his self-interest and power drives” (1979, 500).

Uncertainty also may intensify the problems that arise from the structural factors discussed above, task dependency in particular. Dalton (1950b, 1959) stressed this point in his study of unofficial union-management relations in industrial factories. Representing the central authority in these plants, national union representatives and top management established formal contracts. The central authority assumed that the specific details of these agreements, like the edicts of a king, would be followed by the managers of the local plants.

The local leaders of both labor and management, however, “winked” at the contracts, just as the local lords in medieval times sometimes winked at their agreements with the king and with each other. The lords of labor and management saw the contractual details as either too general or too inflexible
to be applied in their particular factory. They also anticipated the personal benefits of consolidating power in their local jurisdictions through informal negotiations and personal ties. As one committee member commented, “the top people [policy makers] lay down too many hard and fast rules to follow. But we get around the contract by doing a lot of things that we can work out and keep off the record” (Dalton 1950b, 612).3

In many cases, the local lords were motivated less by the organization’s mission than by their wish to “realize personal goals, deal with enemies, reward friends, protect themselves, increase their status, and the readiness to use expedients for these ends” (Dalton 1950b, 618). This sort of informal power structure was a common source of conflict between the subunits. Though we prefer the term feudal, Dalton used a near synonym, oligarchical, to describe these interactions. Other researchers have supported Dalton’s findings in the case of industrial organizations and other contexts (Dubin 1957).

In a more recent line of research, Peter Manning (2008) discusses the role of personal relations in American and British police departments. Invoking the “feudal” model explicitly, Manning suggests that relations between superiors and subordinates follow the bureaucratic model on the surface—or in “front regions,” to use Goffman’s terms (1959)—but rely on personal relations in practice. “The basis for compliance to command is a mix of charismatic or ‘personal’ authority based on respect for the individual rather than or in addition to the office held and rational-legal authority based upon expertise and experience” (Manning 2008, 56). Manning identifies the existence of these dual forms of authority—bureaucratic and personal—as a source of internal conflict in police departments.

*Functional and Dysfunctional Aspects of Informal Structure*

While informal power structures and personal relations may generate feudal conflicts under many circumstances, they can also serve as a relative source of order, regularity and normalization. As illustrated by the functional semifeudal

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3. Dalton provides a number of vivid illustrations on how operations at the local plants are dictated more by the informal, covert exchanges between the local lords (union committeemen, departmental superintendents, and the industrial engineering staff) than by the formal rules sent down by the central authority. He offers a model of industrial organizations wherein the classic dividing lines between union and management are intentionally muddled by the subunits themselves, both union consciousness and managerial commitment are weaker than the personal interests of the two parties, and the bureaucratic structures established by the central authority are systematically ignored (Dalton 1950b).
model (see table 1), the subunits may operate outside the organization’s official rules and procedures, yet generally support its goals.

Burawoy (1979) developed this perspective in his noted study of an engine factory where informal relations dominated the production process. He suggested that the activities on the shop floor were guided by a “game” in which workers attempted to gain incentive pay by exceeding the baseline level of production. The game of “making out,” as the workers called it, was easier to win if the worker knew how to transgress the official rules, manipulate their managers and fellow workers, and capitalize on various informal relations and exchanges. Even if the game involved deviations from the rules, its net result was higher productivity.

According to Burawoy (1979), the game of making out generated consent among workers, coordinated their interests with that of management, supported the status quo, and softened the subunits’ opposition to the central authority. Although top-level managers would formally reject the means that some workers used to make out, higher productivity rates were no less acceptable, particularly in comparison to a deeply disgruntled, union-conscious workforce beset by protests, strikes, work stoppages, and conflict.

In some ways, medieval vassalage (“the mutual obligations of the armed retainer and his lord”) was similar to the game of making out. On one hand, vassalage was quite functional for all parties involved, as it provided an effective means of defense and personal safety. For a time, the bonds of vassalage facilitated the organizing of a number of key social and political activities, including military defense, violent conquests, mutual consultations, membership activities in the lord’s court, and participation in ceremonial parades (Bloch 1989, 221–22).

As confirmed by its eventual failure, however, vassalage also had its weaknesses. Not unlike the case of Burawoy’s engine factory, an official hierarchical relationship existed between medieval lords and vassals, but, in practice, “power was not a pyramid; it was scattered” (Barendse 2003, 525; Ganshof 1952, xv). Almost all medieval social actors were at once “subjects and masters,” competing in a contest of sorts, in which the lower lords, using any means available, attempted to limit their obligations to the higher lords while increasing the obligations of their dependents.

4. In a more current study, Espeland and Sauder (2007) applied Burawoy’s notion of the “game” to a study of law schools and their reactions to the highly publicized law school ranking system (see also Sauder and Espeland 2009).

5. To make out, a worker might, for instance, bribe a crib attendant (a highly strategic person in the production process) with a “Christmas ham” (Burawoy 1979).
Over time, vassalage became more and more complex and contested. As Bloch (1989, 220) wrote, “gradually differences in rank and power, the development of inevitably divergent traditions, special agreements, and even abuses transformed into rights introduced innumerable variations into the obligations. This, in the long run, almost invariably tended to lighten them.” In both medieval and modern times, informal “games” could weaken the central authority, encourage feudal conflicts, but also sustain a degree of social order and functionality.

Personal Loyalty

Loyalty to a person, as opposed to one’s official position or formal responsibilities, represents a clear parallel between modern and medieval organizations. Without personal relations, the ceremonial bonds between medieval lords and vassals would have been even less stable, along with their collective ability to defend themselves against internal and external threats. These supposedly archaic forms of social interaction (favoritism, personal attachments, fealty relations, nepotism, and so forth) still play important roles in today’s organizations.

Few researchers have made this point more definitively than Jackall (1988) in Moral Mazes. He argued that the power structure in modern corporations is highly personal and more akin, in many respects, to Weber’s concept of patrimonialism than to his bureaucratic model. As opposed to being impersonally assigned to a formal position, subordinates are personally bound to their bosses, and must reinforce their subordination and demonstrate their acceptance of “the obligations of fealty” at every turn (19). In exchange for loyalty, subordinates receive protection when they make mistakes, promotions when their boss is elevated, financial rewards, and any number of ancillary benefits, such as “the nudging of a moveable panel to enlarge one’s office, and perhaps a couch to fill the added space” (19).

Fealty relations between individuals or groups are best described by the functional semifeudal or pure feudal models (see table 1), in which the parties involved use unofficial means, personal ties in particular, to achieve either official or unofficial goals. In the first case, a subordinate’s loyalty to a boss encourages hard work, creativity, and the timely accomplishment of official tasks. Personal ties, mutual trust, favoritism, and nepotism may also generate stability, allow firms to respond well in uncertain environments, and help them repel threats from outside (Bellow 2003a, 2003b).
In the second case, fealty relations have deleterious effects on an organization and its ability to achieve its goals. If currying the favor of higher-ups is a subordinate’s main ambition and prerequisite for advancement, the subordinate may be compelled to hide or obscure the failure or incompetence of the boss or withhold ideas and creative solutions that contradict the boss’s judgments, especially in public settings (Jackall 1988). A manager may take a number of actions designed to ingratiate himself with a boss, but that may have negative, long-term effects on the performance of a given subunit or the organization as a whole. As Jackall wrote, “it is far more important to please the king today than to worry about the future economic state of one’s fief, since, if one does not please the king, there may not be a fief to worry about or indeed vassals to do the worrying” (22).

A number of other researchers have considered the functional and dysfunctional characteristics of fealty relations between subunits or individuals within organizations. Like Jackall, Manning (2008) draws on Weber’s patrimonial model in his explanation of the important role of loyalty in police departments. McPherson (1988) and others (Hoy and Rees 1974) looked at the effects of both personal and group fealty relations in schools, while Murray and Corenblum (1966) did the same with public utilities, and Adler and Adler (1988) considered college athletic programs. In this respect, the feudal model benefits the study of organizations by identifying informal constraints, loyalty relations, nepotism, and other personal ties as enduring social patterns that may, in some cases, facilitate the aims of the organization, but may produce suboptimal outcomes in others.

Loyalty can be understood not only as a set of behavioral intentions, but also as a part of an organization’s culture. A culture of loyalty may emerge spontaneously, given the specific challenges, characteristics of labor, and other social conditions. As argued by institutional theorists, the wider culture may also impact the loyalty relations between subordinates and superiors within an organization (DiMaggio and Powell 1983). In a society such as Japan, where cultural norms and practices emphasize social status, the members of organizations are inclined to shape their interactions with others according to whether they are lower or higher in the social hierarchy (Sugimoto 2003). In many cases, as suggested by Etzioni (1964), the central authority of an organization intentionally develops and maintains a culture of loyalty in order to control its subunits (a subunit might also develop a subculture to reinforce its autonomy and disparate interests). Kunda (1992), for instance, explored this thesis in a noted study of a high-tech corporation.
In the Middle Ages, the culture of loyalty was generated by the violence and chronic warfare among the noble class. The cycles of military campaigns and the redistribution of conquered land fostered loyalty to superiors, which, in turn, stabilized the governing power of supreme warlords. As Teschke (1998, 343) pointed out, “the reputation and standing of Charles Martel, Henry Plantagenet, and Otto I, to name but a few, and the relative stability of their respective polities were directly predicated on such dynamic mechanisms of political accumulation.” This same process, however, could also lead to fragmentation and feudal conflict. In a dialectical response to their accumulated fortunes and new estates, some lower lords turned inward, fostered their own internal loyalty relations, and emerged as rivals of their former leader. Functioning as a dynamic set of internalized values, the culture of loyalty in both medieval and modern times represents an enduring social phenomenon, which could bring order to an organization, as easily as it could sow the seeds of division and dissent.

Conclusion

Over the last several decades, as the size and global reach of many firms increased, organizational subunits often received greater authority and independence, while the relative strength of the central authority diminished. Although the current forces of globalization may be intensifying the fragmentation of authority in some organizations, the struggle for power within them is a universal phenomenon that can be found across organizations and in different time periods.

As elaborated in the foregoing pages, numerous researchers have proposed models to analyze this ongoing struggle, and to illuminate the sources and consequences of these conflicts. Drawing on previous research—and using Weber’s classic bureaucratic model as a point of comparison—the feudal model identifies three circumstances in which the actions of subunits conflict with the official means or goals of the organization (see table 1). The different variants of the model are designed to reflect the complex system of tensions and strains within most large organizations, and to provide an approach to social analysis that avoids overestimating either the functional or dysfunctional nature of formal and informal power structures.

The feudal model brings attention to and synthesizes a number of empirical and theoretical treatments of intraorganizational conflict. The variables
shown to be related (directly or indirectly) to such struggles include de-centralization, structural interdependence, uncertainty, informal power, and personal relations. Greater attention to these factors is needed, given the general shortage of this analysis and its weighty implications for modern organizations. Although we have placed a greater emphasis on the disintegrative consequences of these factors, the feudal model also accounts for a range of integrative tendencies that is missing from most conventional models. The feudal model contributes to the literature on organizations by directing attention to an alternative set of ideas, identifying "sociological universals," and encouraging and directing further inquiry on intraorganizational conflict.