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## Chester Barnard: Organisational-Management Code for the 21<sup>st</sup> Century

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### Abstract

Barnard thought that it was possible to improve effectiveness and efficiency through formal organization. He was trying to understand how to obtain organizational survival “maintaining equilibrium of complex character in permanent turbulent environment of physical, biological and social materials and elements and forces” within the organization, exploring in parallel the outer powers to which the organization must adapt on all levels and analysing the functions which in that context are performed by executive directors in the organization as a whole system. This paper explores the influences of Chester Barnard on Blake and Mouton’s leadership-management network, Hersey-Blanchard’s situational leadership and Maslow’s motivational theory, as well as on organisational purpose, communication and team work. This paper examines the relevance of the principles and theories developed by Barnard from the point of today’s managers and leaders. According to Barnard, this can be achieved through linking Barnard’s central ideas with new concepts of management and leadership. Our opinion is that even today Barnard represents a very important part of the chain of examination and exploration of management and leadership thought.

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## 1. Introduction

*Barnard* wrote a book titled *The Functions of the Executive* for the generations to come (Barnard, 1938). The gravity of the task he undertook is seen in the fact that he rewrote the book „eighteen or twenty times“ (Wolf, 1973), (Mahoney, 2002). Apart from that, his daily schedule meant eighteen hours of work a day, including his job and other commitments, at the same time reviewing the work on his book (Wolf, 1973). The impact of such work of his on the theory of organization is well-documented (Mahoney, 2002), (Scott, 1987), (Williamson, 1995). *Kenneth Andrews*, a respectable writer, says: „*The Functions of the Executive* remains even today, as at the time of publishing, the most thought-provoking book on organization and management ever written by an executive director“ (Gabor, & Mahoney, 2010), (Andrews, 1968), (Mahoney, 2002).

Andrews ascribes the following to Barnard’s studies:

- Ability of abstract thinking
- Objectivity as capacity applied both in personal and business practice
- Proficiency in practice
- Ability of paradoxical thinking by using logical thinking and competences at the same time

Fig. 1 represents a brief outline of *Barnard’s* life comprising his quality work in the company, life outside the company and community service. All three parts are interrelated and make up an inseparable unity. *Barnard* used the metaphor *symphony* to get across his views of the importance of aesthetic experience in management, because he had a lot of experience in both domains, management (as an executive and chairman of New Jersey Bell Telephone Company), and music (which was his hobby for life and, accordingly, he actively participated in founding Bach Society in *New Jersey* and the *Newark Theater*).

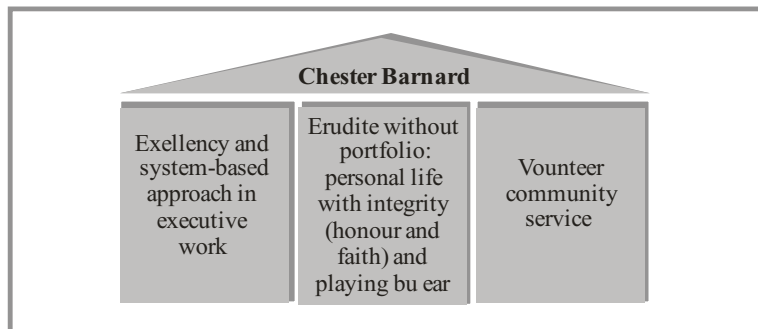


Fig. 1 Outline of Chester Barnard’s life.

Barnard’s book is an absolute contradiction to the mechanistic concept of earlier management analysts, such as *Frederick Winslow Taylor*. *Barnard* observed the organization as a complex social system within which he managed to move back and forward, demonstrating a unique capability, from empirical experiences towards theoretical tenets and vice versa, keeping up with the latest achievements in psychology, sociology and human relations.

*Barnard* focused entirely on studying the human factor in the organization, the psychological strength of human behavior and finding the way to use it in the best possible way, like a bustling river, in the interest of the company, often facing its maximum strength and peak of its boundaries. He stressed the importance of the need for professional managers to be dedicated, energetic and consistent in reforms as well as their colleagues in the administrative department so that legal aspects and leadership would be strengthened.

Certain authors think that *Barnard’s reputation in the domain of management theory and practice has gradually weakened and „disappeared“* from the main streams of management literature. It is even stated that his book is rarely quoted and that his only merit is related to the development of „theory of accepting authority“. The crucial argument is the obscurity in his writing and exceptional difficulty in reading (Chandran, 1998). *Wolf* writes: „Over the years I have become aware that *Barnard’s* book has proved to be hard and uninteresting, for a lot of teachers and

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