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# Power and Organization Life Cycles

**A Summary of Henry Mintzberg's Work on Power and Organizational Life Cycles**  
(Academy of Management Review. 1984. Vol. 9, No. 2. 207-224)

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## 1. Introductory Back ground

In this paper Mintzberg derives a model of organization life cycles based on power relationships inside the organization, intrinsic forces the configurations of organizational power, and applying the to the metamorphosis of an organization.<sup>1</sup> He says that "this paper seeks to present one view of organization life cycles, described from the perspective of power specifically, from a consideration of the changing distribution of power around and inside an organization as it survives and develops over time. To help it do so, the paper draws on selected references in a variety of disciplines, primarily management, organization theory, and sociology, but also economics, political science, and law.

The purposes are general and particular. In general, to stimulate thinking about issues of power, the development of organizations, and the impact of this development on society; in particular, to present one life cycle model, among the many that are possible, that may help to explain certain important trends in contemporary society<sup>2</sup>.

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<sup>1</sup> Mintzberg, H., Power and Organization Life Cycles, Academy of Management Review. 1984. Vol. 9, No. 2. P. 207

<sup>2</sup> Ibid., Pg 208

Mintzberg, H (1992), elaborates an in-depth analysis of power in the organization, in his book, *Power in and around organizations*<sup>3</sup>, applies his theory from the perspective of an organizational life cycle perspective. He offers an analysis of the literature published then. It he comments on the importance that themes of ideal or pure types of organizations and of stages of organizational development have occupied since the writings of Max Weber (Gerth & Mills, 1958). The topic on Organization Life Cycles has been observed from very different perspectives.

Allison's (1971) studies the different models to interpret decision making during the Cuban missile crisis to cope with complexity. Mintzberg and Miller on the other hand note, that ideal types reflect leading tendencies in organizations, and that stages of organizational development reflect intrinsic forces that arise in organizations to change them as they develop. Others have provided empirical support for the existence of clusters of attributes, or "configurations" in organizations; postulated common sequences among them as organizations survive and develop over time. Pervasive in all these writings is the notion of longer periods of stability interrupted by shorter ("metamorphosis models") ones of destructive change (Greiner, 1972). However, these theories have simply proved that there exists an organizational "metamorphosis" in general (Greiner, 1972).

Recently related research has been narrower focusing either on single transitions in specific types of organizations for example, the shift from functional to divisionalized structure in giant American corporations, as in the research of Rumelt (1974), or else on the sequence of transitions over the life of a single organization, as in Whyte's (1969). Perhaps the best known sequence in the literature is that postulated for the business firm that survives and grows; creation, limited growth, maturity with a more elaborated, bureaucratic structure, extensive growth; and then diversification of strategy followed by divisionalization of structure, allowing for growth to much larger size, parts or all of

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<sup>3</sup> Mintzberg, H. *El Poder En La Organización*, (Power in and Around the Organization), 1<sup>st</sup> Ed. 1992, Ariel Economía: Barcelona

which have been described by Chandler (1962) and others. However, research has shown that this process is not a static linearity which follows a physical static rule. Rather, these stages define particular moments in the life of a firm and firms may at times elude the sequence by dithering or advancing faster or turning backwards. Literature has avoided the question of power in the firm although some research has been published on it with respect to the capacity of individuals or groups to effect, or affect, organizational outcomes (Kanter, 1977; Russell, 1938). Mintzberg sees in these propositions a sense of growth in the size of firms in terms of capacity while at the same time increasing their level of conflict and politics.

Mintzberg uses this as his launching board, as the foundational principle of his theory on power through organization life cycles, because shifts in power seem to lie at the root of transitions in organization, and these trends might be particularly well [not only] be explained by considering stages of organizational development from the perspective of power but also but also stagnation and faltering may be leading organizations from the realm of stages of organizational development into that of organization life cycles<sup>4</sup>.

## **2. Configurations of Organizational Power**

So far in literature, organizations may have been categorized from two perspectives according to Mintzberg; a) according to those whom they are supposed to serve and, b) in terms of how they achieve control over their members (and the related form of member involvement). He would like to present them from the perspective of internal and external systems power. According to Hirschman, 1970, Influencers, or "stakeholders" are, people who use "voice" to attain their needs through an organization. They may be divided into internal (essentially the full time employees or volunteers, those with major time commitments to the organization) and external the others, (Government, creditors, customers, political, industry competitors among others. The "internal" and "external" may be described as forming an internal and

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<sup>4</sup> Mintzberg, H., Power and Organization Life Cycles, p. 208

external coalition respectively where is described as a set of people who vie among themselves to determine a distribution of power (Cyert and March, 1963).

The External coalitions are either;

- a) dominated (one individual, or a group in consensus, holds the balance of power);
- b) divided (a few competing groups or individuals divide power); or
- c) passive (no outsider seeks to exercise much power).

The Internal are;

- a) personalized; this is where there exists personal dominance of controls, such as the issuing of ad hoc orders;
- b) bureaucratic; where formal standards dominate;
- c) ideological; where the norms of a strong internal ideology dominate;
- d) professional; where the technical skills and knowledge of experts dominate; and
- e) politicized; where political or conflictive forces dominate

There is according to Mintzberg, a cause and effect interrelationship between the external and internal coalitions and these in turn produce four situational effects;

1. An overpowering external coalition encourages a bureaucratic internal coalition; e.g. a dominating shareholder appointing a Chief Executive or any other calibration of a similar nature. Hence, impacting a centralized, formalized, and standardized behavior in the internal coalition that gives rise to its bureaucratic form. This cause effect relationship is supported by Heydebrand (1973), Holdaway, Newberry, Hickson, and Heron (1975), Pondy (1969), Pugh, Hickson, Hinings, and Turner (1969), Reimann (1973), and Samuel and Mannheim (1970)<sup>5</sup>.

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<sup>5</sup> Mintzberg, H., Power and Organization Life Cycles, p. 209

2. A divided external coalition encourages the rise of a politicized internal coalition, and vice versa. It is assumed that conflict in either internal or external coalitions affects the other. Political activity in the internal or external coalition encourages division in the other coalition.
3. A personalized, ideological, professional, or bureaucratic internal coalition encourages the rise of a passive external coalition. Strong leaders and untied following whether ideological, professional, or have personalized power and/or strong bureaucratic structures all these tend to pacify the external coalitions of influence. (See, Collins & Moore, 1970; Thoenig & Friedberg, 1976; Mintzberg, 1979)
4. Other combinations of the coalitions, as well as non-dominant mixtures of the internal forms of influence, encourage moderate or intense levels of conflict in an organization. It follows from the same argument in 2 above that in the absence of a dominating power moderate or intense conflict ensues.

The resultant effect is a complex configuration of power play. This is illustrated in the diagram below (see Table 1 below)

**Table 1: Configuration of Power**

External Coalition	Internal Coalition	Power Configuration
Dominated	Bureaucratic	Instrument
Passive	Bureaucratic	Closed system
Passive	Personalized	Autocracy
Passive	Ideological	Missionary
Passive	Professional	Meritocracy
Divided	Politicized	Political arena
Dominated	Personalized	
Dominated	Ideological	probably less common and less stable, likely to be forms of Political Arena
Dominated	Professional	
Dominated	Politicized	
Passive	Politicized	
Divided	Bureaucratic	
Divided	Personalized	
Divided	Ideological	
Divided	Professional	

**Source:** Mintzberg, H., *Power and Organization Life Cycles*, p. 210

## 2.1 Types of Configurations of Power in the Organization

**2.1.1** The instrument: an ideal type power configuration in which the organization serves dominant external influencers. The organization is generally bureaucratic, has personalized leadership control, strong ideology, discourages dissention and has low internal expertise. This type of organization has other names; the closely-held corporation (Berle and Means, 1968), 'the prison' (McCleery, 1957), the "paralytic" (Butler, Hickson, and Wilson, 1977-1978), the "coercive" organization as described by Etzioni (1961), and the "appendix" organization described by Rhenman (1973).

**2.1.2** The closed system; has a bureaucratic internal coalition. Its external coalition is passive; Administrators hold a selfish balance of power, blind to external influencers to the extent that they help it grow. It is similar to the

European radical labor unions and political parties (Berle and Means 1968), the "new industrial state" (Galbraith 1967); or "sovereign state" (Sampson1973). Pursuit of mission and expertise are discouraged

**2.1.3** The autocracy ; has a passive external coalition, pervading power personal leadership, This form of control tends to preclude most politics, to discourage expertise and even bureaucratic standards, and to tolerate growth of an internal ideology only so long as it revolves around the leader.

**2.1.4** The missionary; dominated by a strong internal ideology, which serves to pacify the organization's external coalition. Has a strong system of internal beliefs, is mission oriented and internally cohesive.

**2.1.5** The meritocracy; is oriented towards technical expertise, with a professional type of coalition. Political activity is present at a technical level, bureaucratic controls minimal, and it calls for an egalitarianism that can at times be politicized. External forces tend to be subdued easily and loyalty is towards the profession. This description appears to be compatible with Butler et al.'s (1977-1978) description of the university they studied, with Gross's (1968) description of private American universities in general, and with Cressey's (1958) description of treatment (or rehabilitation) oriented prisons.

**2.1.6** The political arena; is characterized by conflict as a result of low level center of power and the external coalition divided, much as in Allison's (1971) governmental politics model. This would also occur when there are divergent sources of power in the same organization. The political arena also may be characterized by intense conflict, which normally must be of brief duration if the organization is to survive, or by more moderate conflict, which can sometimes endure. Combining these characteristics gives rise to four basic forms of the political arena; three considered partial and the fourth ideal. They are;

**2.1.6.1** Confrontational, brief conflict of an intense nature concentrated between two centers of power, essentially a confrontation between

a consensus-dominated external coalition and a personalized internal coalition

**2.1.6.2** Shaky alliance; for example, government on one side and academic professionals on the other.

**2.1.6.3** The politicized organization characterized by more moderate and hence possibly enduring nature, as in the symphony orchestra.

**2.1.6.4** The complete political arena, characterized by conflict that is both pervasive and intense, and hence typically brief. Although the political arena can be wasteful of resources, it can also act as a platform for change when there is need for it.

## **2.2 Transitions between the Configurations**

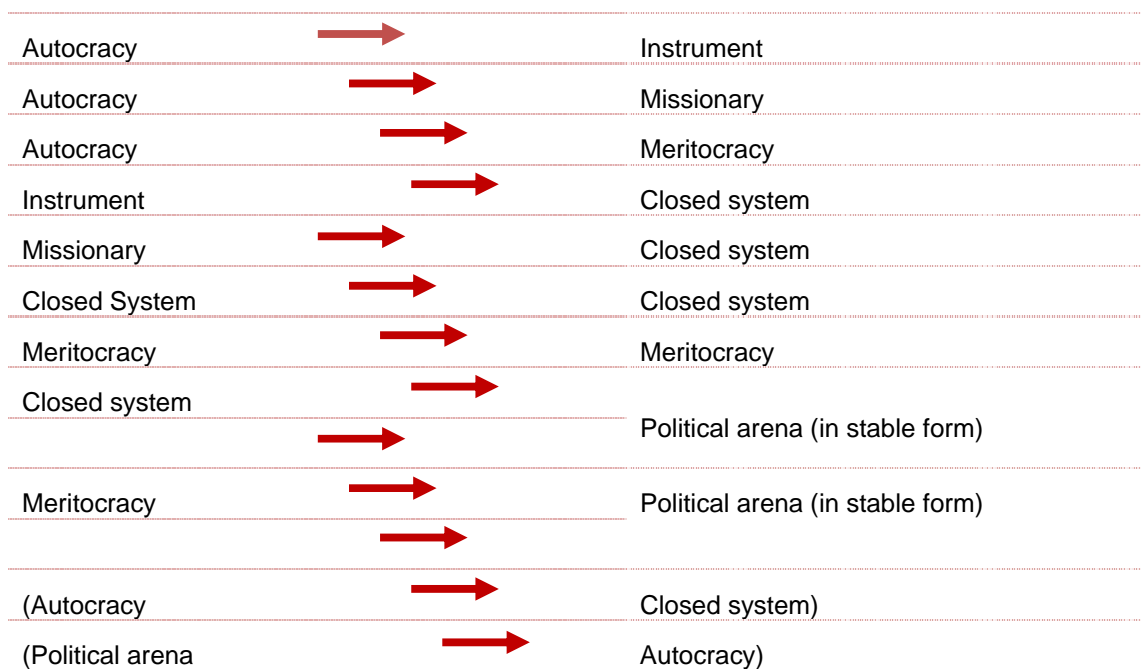
The second question in the organization's life cycle is to consider the likely transitions between the different configurations. 36 permutations appear some more common than others, for example, there is a good deal of evidence on the transition from the instrument to the closed system in business firms as they grow and their stockholding becomes dispersed (Berle & Means, 1968). Given the description of the organizational life-cycle in this paper, a life cycle model would describe and justify a sequence, or a small number of sequences, of configurations, from the establishment of organizations to their demise. Such a model would rely on the most common transitions in order to maximize its explanatory power, but it would also have to justify its choices of some transitions over others. The nature of the interactions between the configurations provides the mode of transition. A few forces external to the system such as a new technology have a cause and effect relationship with the transitions.

Each power configurations appears to contain forces working to destroy it from within itself. The nature is one of self destruction. For example, when repeated instances occur of autocracies faltering because of their reliance on a single leader (who dies, leaves, or loses touch as the organization grows), then centralization and precariousness would seem to be intrinsic destructive forces in this configuration. when external influencers



appear with frequency to save the organization, by taking power over it, then the transition to the instrument configuration, as a means to reduce precariousness, would seem to be at least one natural transition for the autocracy. Based on intrinsic forces alone one is able to produce a model of organization life cycles.

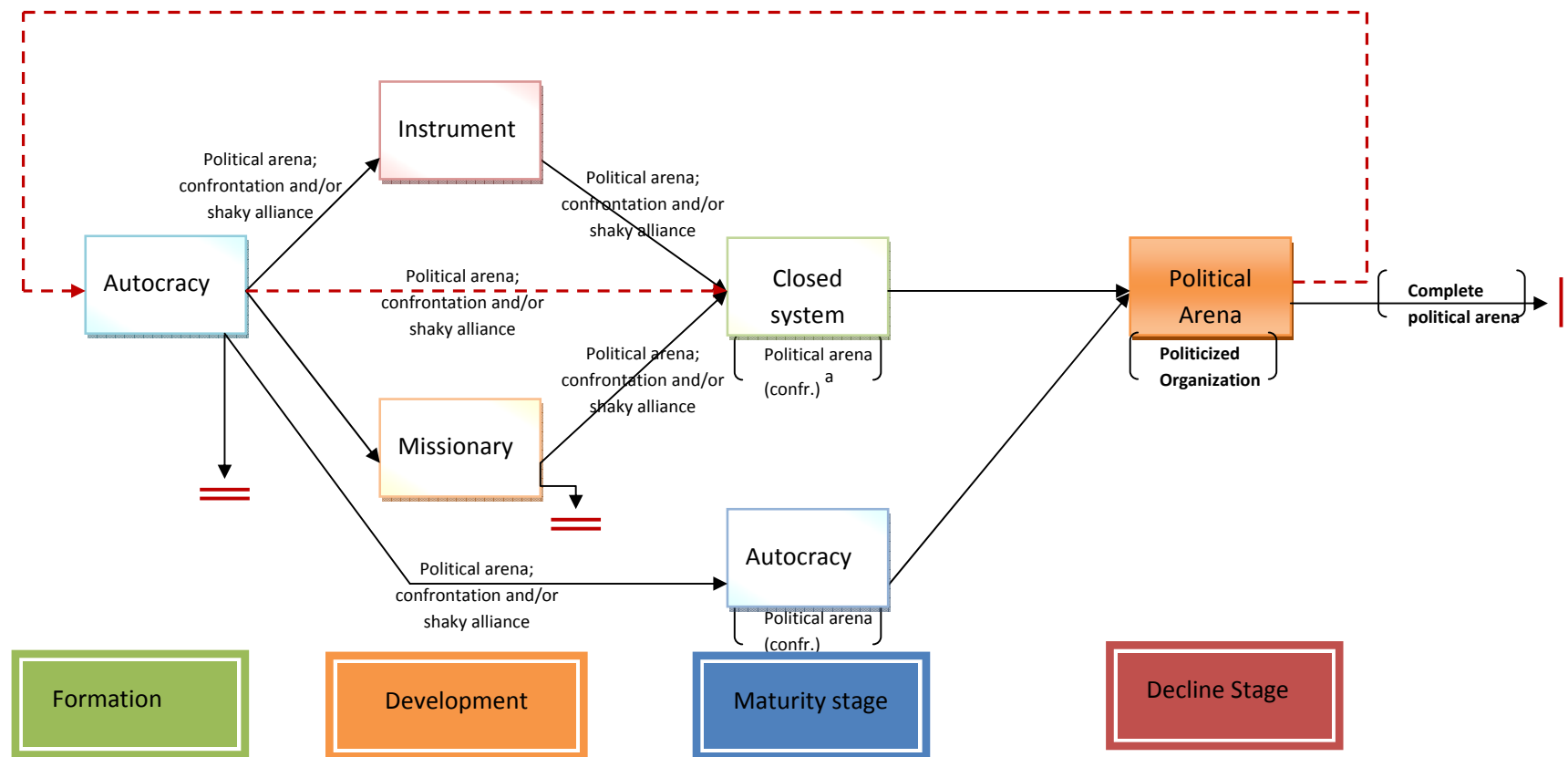
Of the 36 possible transitions, 9 appeared to be most common and most readily explained by intrinsic destructive forces. Another two, perhaps somewhat less common, also seemed to be driven by intrinsic forces but countered by other intrinsic forces. These are listed below;



A Life Cycle Model

It is the above model that defines the organization's life cycle. It seems that autocracy belongs at the beginning of the life cycle and the political arena at the end of the life cycle (assuming, of course, that the organization itself survives all the stages and negotiates all the necessary transitions). The other configurations appear to fall into intermediate stages, the instrument and missionary earlier, the closed system and the meritocracy later. Four stages are therefore suggested in all.

**Fig. 1 – Mintzberg's Model of Organization Life Cycles**



Key: = signifies demise of organization and; <sup>a</sup> signifies the possibility of autocracy temporarily

As illustrated in Figure 1, these are labeled formation (as autocracy), development (as instrument or missionary), maturity (as closed system or meritocracy), and decline (as political arena). The nine main transitions are shown as solid lines, with the two others indicated by dotted lines. Along some of these lines (as well as at the end of the model) are shown what the model hypothesizes to be transitory, unstable states of the political arena—confrontations or shaky alliances during transitions (often, in fact, inducing them). Although decline and eventual demise are shown as the last stage of the model, the propensity of certain of the configurations to cause the demise of an organization in an earlier stage also is indicated, in the form of two parallel lines.

After illustrating this hypothesis Mintzberg gives a caveat, in which he acknowledges the over simplification of the model to suit theory. He cautions that not all organizations follow the same pattern and indeed not in the same order. However, the theory shows a leading model which can give an indication.

### **2.2.1 Formation as Autocracy**

This is the situation at the outset of the organization. It is, in fact, typically the job of the founding leader to create the initial structure, acquire the facilities, and, above all, hire the first employees (or attract the initial volunteers). Hence, everything tends to refer to the leader. The leader then transfers his capabilities to others and this in turn leads to more competencies and less autocracy. It may endure for a while. Strong willed leaders and forceful ones will tend to use the occasion to assert their prowess for an unsustainable period. This may result in the failure of an organization. The tendency to sustain this state of affairs may results in the

founder's term expiring together with the autocratic stage. If there is no appropriate successor the organization may expire with him.

### **2.2.2 Transitions to Development Stage**

Mintzberg proposes that the most natural transition for the autocracy configuration may be to the missionary. After he leaves, his legacy lives on after him through story-telling and tradition (Clark, 1970, 1972), thereby coalescing around an ideology and so effecting a transition to the missionary. The organization is often prone to external power due to its vulnerability; if an investor commissioned the business then he could move to consolidate his power. To reign after a founder, the new leaders want to reign through a bureaucratic controls, a subservient management; and thus Many autocracies tend to become instruments, usually because of their own inherent precariousness.

The transition from autocracy to missionary is likely to be smooth so long as no external influencer interrupts it, but transition to the instrument can involve conflict. Often those left after the founder leaves tend to be defensive for the organization against an outside influences. Larcon and Reitter (1978, 1979) describe the employees of an elite French furniture manufacturer who resisted attempts by the American parent to consolidate power bureaucratically and convert the firm to conventional mass production. This conflict goes on until one of the sides prevails. Thus, as shown in Figure 1, it is hypothesized, that the transition from autocracy to instrument may be accompanied by an intermediate, and probably unstable and so brief, period of political arena, in the form of confrontation and/or shaky alliance. Once it is calm it tends to remain an instrument with an external coalition.

The autocracy may also be followed by a closed system. Principally this would be the case when the administrators as a group succeed the founder, for example government dictatorships, such as Stalin. However, this is often the case when the organization has grown large enough under the leader to ensure a stable administrative structure. This too may be politicized between administrators or administrators and external forces. In this case it would lead to a short period of time as political arena. However, Mintzberg feels that the transition to a closed system is less likely in comparison to a missionary or instrument succession.

In addition it is hypothesized that when an organization is highly dependent on technical skills and knowledge, a rather early transition to the meritocracy configuration is to be expected, and sometimes through a political arena.

### **2.2.3 Maturity as Political Arena or Meritocracy**

Much like the autocracies that grew large, organization's leadership after a missionary or instrumental structure tend to move towards a closed system power configuration. Stable controls and consolidated power tend to follow an organization's growth and the organization tends to be inverted inwards as opposed to outwards, towards the external coalition. Where an instrumental structure followed the autocracy, the external forces will over time face two possible difficulties; first, are those that encourage the dispersal of external influence, including the organization itself, and second, the forces that discourage the external surveillance of internal performance. External surveillance requires energy. Moreover, the growth and development of an organization complicates the external surveillance of it (Moyer, 1970). Vertical or horizontal diversification strategies have been used to diffuse external power, and consolidate internal management power,

leading to a closed system. For the missionary power structure, time tends to weaken ideological stances, “converting enthusiasm to obligation, traditions into dogma and norms into rules; the forces of bureaucracy challenge the forces of ideology. Besides, ideology tends to overshadow administration, but this is not possible over the long run. Administrators tend to grow as the organization grows, without necessarily carrying the ideology with them. The sure way becomes the way of bureaucratic controls, hierarchy is emphasized and transition to a closed system sure. As such some have called this the “iron law of Oligarchy”. If not, many missionaries tend to die due to isolation. Assimilation, exposes the ideology to outside forces and the organization itself to the strong tendencies in society to bureaucratize structure, to cede to what can be called "the imperatives of administration", (Mintzberg, Otis, Shamsie, & Waters, 1983).

Nevertheless, the transition will involve at times the transition through the political arena. This is the tension between the administrators of a bureaucratic system and the missionaries or external influencers. These may form a shaky alliance but the transition to a closed system is almost sure, unless the need to rely on expertise leads them to meritocracy. But meritocracy, in fact, appears to represent a variation on the same theme as the closed system. Both configurations serve to seal the organization off in good part from external influence, and to concentrate power in the hands of insiders who, while using it to enhance the pursuit of the organization's mission, also exploit much of it to serve themselves. It seems that the most stable power structures are the closed system and the meritocracy and have an enduring capability as Mintzberg explains; “a common and natural transition for both the closed system and the meritocracy is to a different and renewed state of itself, through the confrontation form of political arena”. In a Meritocracy, the configuration remains; only the ranking of the actors changes. In like manner, power

in the closed system concentrates not on a single administrator but on a group of them. Those at the center of power may get used to pursuing given strategies with standard procedures in the absence of concentrated external influence, and so lose touch with the environment when it changes. They may change but it is an act of moving chairs. Salznick, (1977), says that "The more institutionalized power is within an organization, the more likely an organization will be out of place with the realities it faces". But the organization can renew itself when junior administrators replace senior ones. Because the closed system contains no natural means of succession, other than for the established leaders to name their own successors, politics emerges as the natural means to displace an ineffective leadership. Sometimes radical change in strategy is necessary after such a change in leadership in order to renew the closed system. But its internal coalition, being bureaucratic, tends to resist such change. Thus, the organization may have to revert to autocracy for a brief time, suspending bureaucratic procedures to allow its new leader to exercise personal control to force in the necessary changes (Mintzberg, 1979, p. 347). But this tends to last a short time.

In autocracy, missionary and Instrument stagnation seems likely if the state of affairs is prolonged. In life cycle terms, the stages of the former might be described as equivalent to childhood for the autocracy and adolescence for the missionary and the instrument, compared with maturity or adulthood for the closed system and meritocracy. The leader of autocracy can easily lose touch as well, but the rest of the organization as well as the external coalition often is too weak to produce anyone willing or able to displace the leader (in the context of autocracy, at least). In the instrument, it is separation of control of management (power from knowledge) that can impede self-renewal, although the dominant external influencer certainly is in a position to replace the chief executive at will. As for the

missionary, self-renewal is discouraged because strong ideology tends to be sacrosanct. A missionary may be predisposed to a changing world, but seldom.

#### **2.2.4 Decline in the Form of Political Arena**

What happens when the organization has reached a mature level? The research as and when it happened was not predisposed to data. Hence, speculation has taken its toll based on particular circumstances. Just like a mature human body, the organization tends towards its own demise. Every system at some point has to weaken whether because of internal inadequacies or external pressures (or, more likely, both together). The second point is that demise is unlikely to come in the form of closed system or meritocracy. In both the closed system and the meritocracy, it is believed that the forces of destruction lie in their own detachment from external influence. To paraphrase Lord Acton, their absolute power tends eventually to corrupt them absolutely. Arrogance, as shown in the distribution of surpluses, may demean the organization through over-politicization. Hence it is hypothesized that the eventual transition for the closed system and a meritocracy, no longer able to renew itself, is likely to be to the political arena, in the form of the politicized organization (i.e., pervasive and moderate conflict). The key problem is the over indulgence in power and the blindness to external forces. It is hypothesized that although political arenas tend to help the organization renew itself, over a long period of time the administrative power may cease to have the power to renew itself. Much like the legendary Phoenix, that arises from its own ashes every five hundred years to begin a new cycle, it is hypothesized that organization renewal, where possible after a stage of politicized organization, is likely to begin with autocracy on the grounds that it takes very strong leadership to renew an organization in a fossilized mature stage. But the task is considered to be such a



difficult one that the loop in Figure 1 from the political arena back to autocracy is shown as a dotted line, to suggest that the demise of the politicized organization is a more likely eventuality.

### **2.2.5 Life Cycles in a World of Organizations**

So far the theory has been suggested as a suggestive tendency in many organizations and not in all. Reality is always more complex. As organizations survive and develop, their power systems tend to become diffuse, complex, ambiguous, and less functional, even though, ironically, more stable. Deference to leadership, support of mission, service to external constituency, protection of themselves as systems and conflict predominate organizations. But it is also believed that many organizations pass through series of power stages, each relatively stable in nature (although brought on by brief periods of instability), during which several of these tendencies are more prominent than others. At the beginning the organization is more inclined to its formative norms, later it generates a more profound orientation towards the external factors. Although as it develops, leadership orientation towards the external customer does not cease, but the internal forces of power tend to over-emphasize power in them. Political arenas become pervasive. Management is caught in the vicious circle of vain hope of some form of renewal. Some die or find a new autocrat. The question that Mintzberg poses is; should they renew spent forces or allow new ones to ascend?

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