

# Toward a Definition of Organizational Incompetence: A Neglected Variable in Organization Theory

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*What is "organizational incompetence?" Why has the subject remained virtually unexamined in the literature of organization theory? J. Steven Ott and Jay M. Shafritz argue that incompetence is primarily an organizational issue—not an individual issue—which has two faces. It is a social construct and an "objective" reality. As a social construct, organizational incompetence results in withdrawn or withheld support for public organizations and institutions. As an "objective" reality, it is a repeated pattern of an organization not able or willing to learn from its environment, its failures, or its successes. The authors examine the literature of organization theory for insights that can help in defining what it is, as a first step in the development of a general theory of organizational incompetence.*

This article presents an exploration of the nature of organizational incompetence both as a social construct and as an "objective" reality. Incompetence is a vitally important but minimally explored variable in organization theory.

The topic of incompetence has been addressed systematically in only a few contexts, and these have limited general applicability to organizations. Anyone desiring to learn about the nature, extensiveness, types, causes, and consequences of this commonly experienced, seemingly ever-present phenomenon will be surprised to discover that the library shelves are virtually absent of serious work in this area. There are three notable exceptions. *Military incompetence* has received considerable attention from historians and students of strategy.<sup>1</sup> Medical ethicists, attorneys, and advocacy groups have devoted considerable attention to *medical-legal incompetence*, when individuals' constitutionally guaranteed rights may be stripped from them legally because they are not able to make decisions in their own best interests (Rhea, Ott, and Shafritz, 1988). A third body of literature deals with *professional incompetence*, the absence of ability, judgment, or morals so total, incurable, and potentially damaging that a professional's right to practice can be terminated. For all practical purposes, however, there is no other identifiable school of inquiry into incompetence.<sup>2</sup>

Further, incompetence just is not what it used to be. Traditionally one person could be fully responsible for a major failure whether in city hall, business, or battle. Although it is still possible to properly credit one individual for a major instance of mission failure, the far more likely explanation is that an organization's structure, culture, or policies are at fault. Still it is far more emotionally satisfying to lay blame on a single individual. Captains were expected to go down with their ships, or at least be the last off. But this attitude does not take into account the nature of modern organizations.

Leaders are no longer lead workers, they are builders and maintainers of organizations. Increasingly they are judged not on their personal qualities of physical courage or intellectual daring, but on whether the organization they head can function effectively—especially without them. You could surely blame a manager if the organization he or she heads fails to perform properly, but your level of analysis rightfully should be the organization.

If the answer is not individual stupidity, how can one explain so much organizational incompetence—so many stupid outcomes?

To be sure, there are always scapegoats to be sought, found, and “punished” publicly. There is something very satisfying about blaming a failure on a symbolic figure. A state experiences a revenue shortfall or a company files for bankruptcy under Chapter 11, and the chief executive immediately becomes a villain to all the laid off workers. A political party loses an election, and the standard bearer, the head of the ticket, is quickly denounced by the party faithful as a person unworthy of high office in the first place. Before their defeats in commerce, politics, or war these same people were hailed as the best their nation, company, or party could put forth. This phenomenon is so common in so many contexts that it cannot be explained by the chance occurrence of a stupid person inexplicably rising to the top. If the answer is not individual stupidity, how can one explain so much organizational incompetence—so many stupid outcomes (Carey, 1991)?

At least part of the answer lies in separating the stupidity of individuals (Welles, 1986; 1988) from organizational incompetence. Genuinely stupid people hardly ever get the chance to be incompetent on behalf of a whole organization. Boards of directors, CEOs, and voters in all cultures seek to weed out the truly stupid for obvious reasons. Because only the best and the brightest are usually allowed to rise to the top, their failures cannot be explained away by stupidity. Very smart people do very dumb things all the time—but this is not organizational incompetence.

The most famous statement ever made on incompetence in an organizational context is the principle promulgated by Laurence J. Peter in his 1969 worldwide best seller, *The Peter Principle: Why Things Always Go Wrong* (written with Raymond Hull). In a bureaucracy, all employees rise to their level of incompetence. “In time, every post tends to be occupied by an employee who is incompetent to carry out its duties.” *The Peter Principle* constitutes the only known attempt to develop a general theory of incompetence. But Peter’s theory is far too simplistic. Peter merely observed a symptom (being promoted to a job for which you are incompetent on the basis of being competent at a lower level job) and from it falsely deduced that he had discovered the cause of the disease—incompetence.

Thus, outside of the military, medical-legal, and professional contexts, very little has been written directly about incompetence. The Peter Principle and notions of scapegoating and stupidity are interesting but hardly useful for understanding organizational incompetence. Yet, incompetence has vitally important implications for practitioners and academicians alike. Organization theory can not ignore incompetence, particularly organizational incompetence—any longer.

If only incompetence were as simple as Peter explained it with his tidy little principle! Just as there is not one kind of cancer with one cure, there is not a single cause, type of, or remedy for incompetence in organizations. Indeed, incompetence is an extraordinarily complex phenomenon because it is not a single “thing” at all: It has two separate and distinct faces. Organizational incompetence is a socially constructed reality (a perception), and it is also a pattern that is observable over time—a pattern of an organization not able or willing to learn from its environment or its failures (an objective reality). Administrators need to understand and appreciate both faces.

## Incompetence as a Social Construct

Organizational incompetence cannot be seen directly. It is a condition or state of being that exists in peoples’ minds and emotions. All that can be seen is evidence or indicators of incompetence. We see ongoing patterns of mistakes, grievous errors, or stupid decisions and conclude that incompetence has caused the behavior (Berger and Luckmann, 1966). If enough people in important reference groups (Gouldner, 1957; Reissman, 1949) decide that events indicate the presence of incompetence, then for all practical purposes, incompetence exists. The perceived reality of incompetence involves two complex decisions. First, a decision that an action that we consider stupid, signals the presence of incompetence; and second, a decision regarding action once the judgment of incompetence has been rendered.

It is hardly surprising that decisions about organizational incompetence vary among observers. Judgments as to whether particular actions or decisions reflect the presence of incompetence are influenced by interpretations of circumstances, expectations, personal values, important others (reference groups), and societal norms in general. Constructs are perceptions that exist in distinctive forms and patterns in the minds of the many shareholders (Mitroff, 1983)—people, groups, and cultures who are affected directly or indirectly by an organization. The perceptions of clients, employees, suppliers, tax payers at-large, legislators, and retirees *ad infinitum* are all part of the issue. An organization’s competence thus cannot be assessed independent of the expectations of its myriad constituencies. Not only will stakeholders’ expectations vary among types of organizations in different environments and cultural settings, they will also vary among a given organization’s constituencies or stakeholder groups at a given point in time.

To the extent that organizational incompetence is a social construct, the reality of incompetence in government organizations reflects the level of public receptivity to characterizations made by the mass media, opinion leaders, and politicians—perhaps more than it does the actual quality of organizational performance or decisions. Further, the public’s receptivity to such characterizations is highly influenced by its limited understanding of the complexity of government agency operations (Bryson and Crosby, 1992). Failures to accomplish goals and mistakes are attributed erroneously to lack of effort, instead of to the problems of highly complex social and technological work performed under systems of restrictive rules and procedures designed to ensure administrative accountability. Although these systems of rules were initiated to protect values that are central to a democratic system of government, they reflect a concept of public accountability that was far better suited to the first half of this century than to the 1990s (Barzelay, 1992).

## The Practical Importance of Organizational Incompetence for Government and Governance

Whether organizational incompetence actually exists is usually a judgment made without standards, a verdict rendered without rules of evidence. A socially constructed reality can be created by a well conceived and delivered media blitz or political campaign theme. Reality tests are not needed. Examples of incompetence abound in part because judgments of incompetence are so easy to render.

The socially constructed reality of incompetence evolves from feelings of advanced frustration, contempt, and alienation. This reality of

incompetence provides justification for damaging behaviors, particularly as it gains pervasive acceptance as a reality. In recent years, for example, government "bureaucrat bashing" and many forms of withdrawn or withheld support for public organizations and institutions<sup>3</sup> have been justified on the grounds of the perceived incompetence of both elected and appointed government officials.<sup>4</sup>

In recent decades, the probability of government (or specific government agencies) being perceived and labeled as incompetent seems to rise with every major political campaign, every downturn in the economy that the government cannot turn around rapidly, and every revelation of public or private fraud or deceit. When incompetence is a reality for us, we expect—simply assume—that government can not or will not perform. We "see" (interpret actions as) incompetence, even when incompetence may not be an "objective fact."

## Toward a Definition of Organizational Incompetence

Defining the nature and consequences of organizational incompetence as a social construct is only a first step toward understanding its essence. What do we know about organizational incompetence beyond the determination that one of its faces is a social construct? The following list is an inventory of the things we believe we "know" relating to the objective reality of organizational incompetence.

1. In today's usage, organizational incompetence denotes a state of unworthiness.<sup>5</sup> It means more than a failure to accomplish goals or mission, inability to deliver services, or the presence of some inept managers.

2. The term incompetence is neither neutral nor value free. It is an emotion-laden statement about systemic failure. Use of the word signals the presence of strong feelings, such as disdain and contempt. They may be as intense as if the words uttered had been "morally bankrupt" or "crooked office holder." The use of the term incompetence signals frustration that has turned into anger and perhaps alienation.

3. Competence is not the same as effectiveness, excellence, or quality. Competence means adequacy; possession of necessary skill, knowledge, qualification, or capacity; sufficiency, or a sufficient quantity. Similarly, competent denotes having sufficient and suitable skills, knowledge, and experiences to accomplish a purpose; properly qualified; adequate but not exceptional. Thus, the extant literature on organizational effectiveness, excellence, and quality provides insights, but it will not define or explain organizational competence.

4. Although competence and incompetence were referred to earlier as states, they are variables to the extent that they vary in degree and pervasiveness. A few examples of commonly used adjectives that identify loose levels of incompetence include: bordering on, somewhat, moderately, totally, and absolutely.

5. Incompetence involves patterns of seemingly avoidable bad decisions or unwise actions. People in an incompetent organization demonstrate consistent patterns of inability or unwillingness to learn from failures or from the environment. They fail to seek out or to use information to avoid mistakes, even though such information could have been accessed or utilized.

6. Patterns of apparently irrational behavior that persist over time in an organization reflect assumptions that are rooted in organizational culture. Organizational culture is the issue, not the intelligence of individuals in the organization.

## The objective reality and the perceived reality of organizational incompetence are distinct phenomena that must be addressed separately.

7. We are not certain that organizational competence and incompetence are polar opposites—the two ends of a continuum. "The opposite of job dissatisfaction is not job satisfaction, but *no* job dissatisfaction" (Herzberg, 1968, p. 56). Are the factors that cause competence and incompetence separate and distinct? Are organizational competence and incompetence opposites? Does elimination of incompetence necessarily lead to competence, or simply to *no* incompetence? Perhaps the answers to these questions lie hidden behind the two faces of organizational incompetence. Although the objective reality of organizational competence and incompetence may be on the same continuum, possibly the perception is not—or vice versa.

These preliminary, tentatively offered assertions about organizational incompetence suggest the need for proceeding cautiously toward establishing a definition. First, until it is clear whether incompetence and competence truly are opposites, incompetence needs to be dealt with directly, not as the opposite of competence. Second, insights about the nature of incompetence probably can be gleaned from related constructs that have received attention in the literature of administrative and organizational theory. Third, competence and incompetence are distinct from other constructs that have received attention in the literature recently, including effectiveness, ineffectiveness, quality, and excellence. The applicability of these related concepts probably will be limited. Fourth, the objective reality and the perceived reality of organizational incompetence are distinct phenomena that must be addressed separately.

## Insights From Related Constructs

What are the potential contributions that related concepts may make to a definition of organizational incompetence? A review of them will lead to a definition which, in turn, is a step toward the development of a general theory of organizational incompetence.

### Living Systems Theory and Organizational Pathology

General systems theory (Bertalanffy, 1951; Kast and Rosenzweig, 1972) describes and analyzes complex things—from amoeba to international societies—as sets of dynamically intertwined and interconnected systems of elements. Interconnections among system elements tend to be complex, dynamic, and often difficult to identify. Systems theorists study these interconnections (Shafritz and Ott, 1992a). Living systems theory is an adaptation of general systems theory that sees organizations as complex, living (biological), open systems (Miller, 1978). Problems in systems (including organizational systems) can be analyzed (diagnosed) and remedied (treated) as subsystem pathologies. Because systems at all levels of complexity share the same critical subsystem functions, what is learned about pathologies in simpler biological systems may also be applicable to more complex "sick" organizational systems (Ruscoe *et al.*, 1985, p. 10).

Although living systems theory and other biological models have intuitive appeal, they have severe limitations. First and of utmost importance, they can not be taken literally. "An organization is not a lifelike thing with an almost inherent right to exist because of its mis-

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sion to accomplish utilitarian purposes” (Shafritz and Ott 1992a, p. 344). An organization is an “artificial construct under the law which allows certain organizations to be treated as individuals” (Jensen and Meckling, 1976, p. 310). Anthropomorphic approaches are seductive. They allow us to create clear mental images of complex, obscure phenomena. Unfortunately, they also create mental traps and lead to fatal errors of logic.

Second, just as it is important to establish a clear distinction between the perception and the objective reality of organizational incompetence, it is also necessary to ask, pathology as seen through whose eyes? Because most public organizations are open systems, who is capable of making an objective diagnosis of pathology?

It is necessary to be cognizant of the limitations of biological models, including life-cycle theories (Downs, 1967) when borrowing theory or research from the literature on living systems or other anthropomorphic systems models. “We seldom fall into the trap of characterizing the wheat or stock market as an individual, but we often make this error by thinking about organizations as if they were persons with motivations and intentions” (Jensen and Meckling, 1976, p. 311). We borrow constructs from living systems theory and organizational pathology only with great caution, even though the literature on organizational pathology (Miller and Miller, 1991) and organizational decay and termination (Miller, 1978) is a potentially fertile source of ideas and insights about organizational incompetence.

### Organizational Entropy and Dry Rot

Chris Argyris (1970) artfully labeled the final stage of *organizational entropy*, dry rot. According to Argyris, an organization in dry rot is in a near-terminal state of holistic, systemic decay: an inevitable stage of decline in its life cycle (unless conscious organization development steps are taken to reverse the process). Dry rot is characterized by lost energy, zeal, enthusiasm, and sense of purpose. An organization in dry rot probably is also likely to be holistically inefficient and ineffective—or, incompetent.

Argyris hypothesized that as organizations advance through mid-life stages on their paths of inevitable decline into dry rot, the key issues and problems that demand and get high priority attention from executives (and thus also from employees lower in the hierarchy) switch from external to internal. In the 1990s language of total quality management (TQM), the organizational culture loses its customer service orientation (Swiss, 1992; Wagenheim and Reurink, 1991). It is worth at least speculating, then, that as long as the core cultural assumptions (Ott, 1989; Schein, 1981) of an organization are externally oriented—organization members focus their attention and ener-

gies first on issues and problems that affect outside stakeholders—the probability of an organization being incompetent is less than if they are internally oriented.<sup>6</sup>

This speculation is particularly intriguing, because it permits us to weave into the analysis both the objective fact and the subjective reality of incompetence—as it is perceived by different external stakeholders. Thus, the theory of organizational entropy and dry rot provides potentially important insights about organizational incompetence—unless we fall prey to anthropomorphic seduction and lose sight of the problems inherent in biological models.

### Organizational Excellence and Total Quality

Both organizational excellence (Peters, 1988; Peters and Waterman, 1982) and total quality management (TQM) (Juran, 1988; Deming, 1988; Walton, 1986) assume that organizational excellence/quality is achieved by changing organizational culture, not individuals. This was illustrated famously by Robert Townsend in his 1970 best seller, *Up the Organization*. (When he took over the troubled Avis car rental agency, he was told that he would have to get rid of the central office staff. But, he kept them on, and six months later the same people who advised firing everyone were asking how he had recruited such a great staff.) Other key factors of total quality include: customer satisfaction, transformational leadership, shared vision, participatory relationships, and substantive expertise (Ballard, 1992).

Organizational excellence proponents identify symbolic communication as a primary means for transmitting vision and changing organizational culture (Peters and Waterman, 1982). For example, at the time of the court-ordered breakup of the Bell system, AT&T management eliminated the metaphor “Ma Bell” from the company’s language and literature. It carried meaning that was associated with family, maternalism, protectiveness, and job permanence—an ideology and an image that the company had to shed. During a management training session, a high-level manager in one of the large AT&T subsidiaries “suddenly opened his dress shirt to reveal a T-shirt with the slogan ‘Lean, Clean, and Mean.’ This he announced was the way the company would have to be in the future” (Trice and Beyer, 1992, p. 364).

### Organizational Decline

A small body of literature focuses on organizational decline caused by external forces and factors and the appropriateness of managerial responses to it (Cameron, Sutton and Whetten, 1988).<sup>7</sup> Serious analyses about decline caused by incompetence within organizations do not exist. Also, the organizational decline literature yields to the literature on organizational effectiveness for concepts and measures of success and failure in responding to decline stimulated by external factors and forces. Thus, perhaps the only organizational decline concept that may contribute to a theory of organizational incompetence, concerns the failure of organizations and executives to avert, ameliorate, or reverse externally caused decline (Cameron, Sutton and Whetten, 1988; Guy, 1989)—failure to learn from their environment.

### Organizational Effectiveness and Ineffectiveness

Of all the theoretical constructs we have identified, effectiveness is the richest source of potential ideas and insights. Thankfully, theory development and research on organizational effectiveness has been

moving away from the prevalent but generally simplistic goals-attainment models (Erzioni, 1975; Hall, 1980).<sup>8</sup> The goals-attainment approaches define organizational effectiveness as the accomplishment of a set of organizational goals and objectives (Steers, 1975). Ineffectiveness then is failure to accomplish goals and objectives.

In the early 1980s, dissatisfaction with goals-attainment models had become so widespread that some academicians began advocating the abandonment of organizational effectiveness as an object of scholarly activity altogether (Goodman, 1979). With hindsight, the reasons are obvious. Virtually all goals-attainment models face two insurmountable problems: (1) They assume that organizational effectiveness can be operationalized as an objective, measurable *thing*, and (2) as is suggested in (1), they assume the existence of a single set of effectiveness expectations for any given organization. It was not until the mid-1980s that advocates of several alternative approaches to effectiveness discarded the assumptions of the goals-attainment models and were able to circumvent these two problems (Cameron and Whetten, 1983).

As we propose here for organizational incompetence, organizational effectiveness is not a *thing*. It must be recognized as a construct.<sup>9</sup> Constructs are perceptions, products of the mind. Organizational effectiveness is not one, two, or three anythings. It exists in different forms in the minds of the various people, groups, and cultures who are directly affected by the organization, including customers, shareholders, employees, clients, suppliers, directors, dealers, legislators, and retirees. An organization's effectiveness can not be assessed independent of its constituencies' expectations. Not only will stakeholders' expectations vary for different types of organizations in different environments and cultural settings, they will also vary among any given organization's constituencies or stakeholder groups. Expectations within any given stakeholder group change over time, thereby further diminishing the value of the univariate goals-attainment and systems models. So too, with organizational incompetence. The perception of organizational incompetence can not be dealt with without confronting the issue of multiple stakeholders' expectations (Ott, 1993).

The measurement problem also is formidable: (1) Individual stakeholders frequently have difficulty identifying their own expectations for an organization; (2) expectations change, often dramatically, over time; (3) a variety of contradictory preferences and expectations are usually pursued simultaneously in an organization; and (4) the expressed expectations of central constituencies frequently are unrelated or negatively related to one another and to objective judgments of organizational effectiveness (Cameron and Whetten, 1983).

The first problem, effectiveness as a construct, is more fundamental and crucial than the measurement problem. Organizations do not have goals; rather, constituencies have goals and objectives that they hope to accomplish through association with an organization. Thus, constituencies have goals *for* organizations (Ott, 1993). Some constituencies, however, possess enough power that they are able to impose goals on public organizations. Sometimes, for example, public administrators have no choice except to pursue goals imposed by legislators in order to get to the next legislative step—even though these imposed goals may not be well thought through or may conflict with other goals.<sup>10</sup> The goals-attainment models are unable to deal with, reconcile, or resolve inevitable conflict among multiple constituencies' preferences and expectations.

Several strategies for defining and dealing with effectiveness have been proposed by theorists who accept the validity and acknowledge the reality of multiple, conflicting perspectives, preferences, and expectations. Each of these strategies reflects a different set of basic

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values and assumptions, arrives at different conclusions, and thereby illuminates a different reality of effectiveness, ineffectiveness—and perhaps incompetence.

*The relativistic approach* represents the values and assumptions of the human resource perspective of organization theory (Shafritz and Ott, 1992b). Advocates of the relativistic approach argue that no constituency's goals should have priority over any others (Connolly, Conlan, and Deutsch, 1980). The satisfaction of human interests is the basis of organizational effectiveness (Keeley, 1988). Humans are ultimate values. The worth of individuals is not—and should not be—related to or dependent upon their organizational contributions. Effectiveness, then, is defined as an organization's ability to satisfy diverse human interests.

*The social justice approach* shares many of the human resource perspective assumptions that undergird the *relativistic approach*, but it also advances the argument. The primary criterion for deciding among competing constituency interests should be "worth," not "effectiveness." Worth is determined by the system of social justice (Rawls, 1971) used to ensure that the basic well-being of each participant (constituent) is given equal consideration in policy making and implementation (Keeley, 1978). "Every organization is much like a sewage pipe; that is, it acquires worth from its functional value to persons" (Keeley, 1984, p. 11). The social justice approach thus moves beyond the relativistic approach's criterion of effectiveness, to focus on worth—an organization's ability to satisfy human interests in ways that minimize regret and harm to individuals and groups.

*The power approach* stands on a very different set of foundation assumptions and values. Decisions are (and normatively should be) made among competing constituencies' interests based on their relative power. Power is not immoral: It is a reality that is crucial for organizational survival. As Salancik and Pfeffer (1977) argue convincingly, the most powerful constituencies are those whose functions are most essential for organizational survival. Thus, organizational effectiveness is the ability of an organization to allocate its resources to its most critical-powerful units and thereby maximize its ability to adapt to (and pro-act in) its external environment.

Several important *systems resource theory* approaches define effectiveness in their own unique way:

*How well an organization solves its essential problems.* Two of the best-known theories that share this approach include: "Parsonian functionalism," a view of effectiveness that utilizes goals-attainment, environmental adaptation, internal integration, and pattern maintenance as criteria of effectiveness (Parsons, 1960; Lyden, 1975); and, Chris Argyris's (1970, 1986) notion of organizational competence as the ability of an organizational system to accomplish its core activities

over time and under different conditions. Core activities include: achieving objectives, maintaining the internal environment, and adapting to and maintaining control over the relevant external environment.

*How well an organization acquires, transforms, and disposes of resources*, an economics/systems resource process perspective of effectiveness (Yuchtman and Seashore, 1967).

*The interaction of productivity, flexibility, and absence of intra-organizational strain*, in essence, an early version of the human system resource/process perspective of organizational effectiveness that was proposed by Georgopoulos and Tannenbaum (1957).

*The ability to use "double-loop" learning*, to learn from learning and thus expand an organization's ability to adapt (Argyris and Schon, 1978).

*The ability of an organization to survive in a competitive field*, the population ecology or natural selection approach (Hannan and Freeman, 1984, 1989).

### Stupidity

While many authors have dealt with stupid decision making in government and business (Halberstam, 1972, 1986; Tuchman, 1984), only James Welles (1986, 1988) has addressed the phenomenon of stupidity directly.<sup>11</sup> Stupidity, a "learned corruption of learning...is a normal, dysfunctional mentality which inhibits adaptation...[derived from] interaction of two interdisrupting faculties—a self-deceptive inability to gather accurate information and a neurotic inability to match behavior to environmental contingencies" (Welles, 1988, p. 2).

Stupidity has epistemological, social/cultural and moral dimensions. At the epistemological level, stupidity is a failure to gather and use information. This is often true when established information policies effectively force individuals within organizations to make poor decisions. For example, the "fog of war" is the wonderfully descriptive phrase for the confusion and uncertainty that is inherent in combat. It is as if a fog descends upon the battlefield and blinds the combatants to what the enemy and even other elements of their own forces are doing. Wherever far-flung operations have to be coordinated, fog or uncertainty is always a possibility.

The field of management information systems (MIS) has grown up in recent decades to reduce the inevitable fog to manageable proportions. But the reduction mechanisms themselves—for example computer data in a seemingly endless stream—often create more problems than the fog they were designed to dispel. Good managers with the right information before them can make good decisions. But otherwise good managers with an overwhelming volume of data to digest become unable to make timely or wise decisions. They are rendered incompetent by the same reduction mechanism (MIS) that is instituted to make them more competent.

Stupidity is also social, in that people often act stupidly out of a desire to adhere to cultural norms and thereby enhance social cohesion and cooperation. Culture (including organizational culture) thus can provide a mechanism for promoting and transmitting stupidity throughout a society (such as an organization) and across extended periods of time. This is an especially troublesome problem in the rigid hierarchies typically found in the military and civil service. There the value of an opinion is directly related to rank. This often forces the most talented to flee and the less able, like hot air, continue to rise.

## Summary and Conclusions

Our exploration has led us to the following conclusions about the nature of organizational incompetence. We offer them as a tentative step toward defining and eventually developing a theory.

- ◆ Organizational incompetence is a construct, a variable state of being that exists in peoples' minds and emotions. It can not be dealt with without considering the issue of multiple stakeholders with different expectations.
- ◆ Organizational incompetence is "played out" in repeated patterns of what appear to be avoidable bad decisions or unwise actions. The objective reality of organizational incompetence and the socially constructed perception of organizational incompetence are separate and distinct variables. Unfortunately, the improvement of an organization's services (changing the objective reality of its incompetence) rarely alters the perception of its incompetence. The perception of an organization's incompetence depends as much upon our receptivity to characterizations made by the mass media and politicians as upon its actual behaviors or decisions.
- ◆ Organizational incompetence is more than a failure to accomplish goals or ineffectiveness. It is a variable state of systemic failure and holistic unworthiness.
- ◆ Organizational competence and incompetence vary in degree and pervasiveness.
- ◆ Competent cannot be equated with effective or excellent. Its meaning is closer to adequate.
- ◆ Organizational incompetence has its roots in and is sustained by culture. The objective reality of organizational incompetence is rooted in organizational culture; the perception of organizational incompetence is rooted in generally prevailing cultural assumptions. Organizational incompetence is changed by altering organizational culture, not individuals.
- ◆ Organizational incompetence may not always be the opposite of organizational competence. Instead, the opposite of incompetence may be no incompetence.
- ◆ It is useful to think about organizational incompetence as failure in a general system. Although we have serious concerns about using biological system analogies, organizational incompetence is somewhat analogous to pathologies that develop in subsystems of all complex (living) open systems, and thus that can be diagnosed and treated.
- ◆ If the core cultural assumptions of an organization are focused externally, it is less likely to be (or become) incompetent than if they are internally oriented. Organizational incompetence involves inability or unwillingness to learn from mistakes and from the environment.
- ◆ Like stupidity, organizational incompetence has epistemological, social/cultural, and moral dimensions.
- ◆ Organizational incompetence involves issues and questions of organizational power, adaptation, pattern maintenance, learning, survival, social justice, and worth.

This first step toward creating a definition of organizational incompetence should be followed by efforts to develop a general theory of organizational incompetence. We need to increase our under-

standing of this complex phenomenon and its implications beyond the Peter Principle, bureaucrat bashing politicians, and the news media ("what do you expect from stupid bureaucrats?"), and superficial *non sequiturs* ("I don't know what it is, but I recognize it when I see it").

We must not allow organizational incompetence to remain a neglected variable in organization theory. Because incompetence is a social construct, each member of the worldwide society of organization dwellers will someday, by someone, be perceived as incompetent—whether justified or not. So to paraphrase John Dunne, send not to know for whom a social construct deems incompetent, it will eventually deem thee.



## Notes

1. For example, Cohen and Gooch (1990), Dixon (1976), Gabriel (1985, 1986), Regan (1987), Tuchman (1984), Wyden (1979).
2. Over the years, there have been several isolated books and articles on the subject, such as Emile Faguet's (1911) warning about democracy's inherent incompetence, *The Cult of Incompetence*; Art Carey's collection of vignettes that supposedly documents the decay of U. S. organizations, in *The United States of Incompetence* (1991); and Chris Argyris's 1986 *Harvard Business Review* article, "Skilled Incompetence." On the other hand, there has been a plethora of newspaper and news magazine stories about reportedly glaring examples of blithering organizational incompetence, particularly in government.
3. Including taxing and spending limit initiatives, referendums to exclude legislators and city councilors from participation in tax increase decisions (such as Colorado's 1992 "Taxpayer's Bill of Rights"), and widespread popular support for moves to privatize state and local government delivery of services without adequate resources for government to monitor, evaluate, and control the privatized services.
4. The general public's propensity to withdraw support obviously is influenced by many factors, including the importance of an organization's purposes and activities to (segments of) the public, as well as the availability of alternative methods to achieve the same purposes and substitutable purposes.
5. In this area, our understanding of organizational incompetence should benefit from insights provided by the literature on medical-legal and professional incompetence.
6. The opposite could also be true if types of external stakeholders are not differentiated. For example, if the management of a public agency were too responsive to public demands for cost reductions, the organization could become more incompetent. This proposition requires differentiation among types of external stakeholders, essentially as Barzelay (1992) does, and different responses (and accountabilities) to these different types.
7. Thus, as one would expect, the influence of life-cycle theory (Tushman, Newman, and Romanelli, 1986) and organizational ecology or natural selection (Hannan and Freeman, 1977, 1989) is highly evident in the literature on organizational decline.
8. Also, "goals-attainment models" are often referred to as "univariate effectiveness models" (Thorndike, 1949; Campbell, 1973).
9. Cameron and Whetten admirably attempt to draw a clear distinction between a construct and a concept (1983, p. 7). We choose to avoid that issue here.
10. It could be argued that this represents a form of "induced incompetence."
11. Barbara Tuchman's 1984 book, *The March of Folly*, also might be included in this listing.

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