This paper examines the identifications of members of subunits when they evaluate policies specifying the amount of resources to be allocated to different subunits in their organization. We studied conditions affecting members’ identification with their subunit, using a sample of 185 school principals. With the coalition model of organizations as our starting point, we expected a relatively high baseline probability of identification with the subunit. It was hypothesized that identification with the subunit would be countervailed by conditions that diminished subunits’ competition for resources. The three conditions proposed were members’ perceptions of (1) the availability of resources, (2) the existence of organization-level planning, and (3) the frequency of controversy about resource allocations. We found that members’ identification with the subunit was weakened when they perceived that (1) the amount of resources available to subunits was increasing, (2) a plan or operating procedure governed the allocation of resources to subunits, or (3) controversy over resource allocations to subunits had been frequent.

INTRODUCTION

An organization has been described as a coalition of subunits, in which system-level goals are pursued by political processes and the establishment of constraints on subunits’ decisions (March and Simon, 1958; March, 1962; Cyert and March, 1963; Simon, 1976). The particulars of this description include the following. Each subunit in the coalition is assumed to advocate preferences that are inconsistent with at least some of the preferences of the other subunits. Inconsistency among subunits is said to occur when not all subunit preferences can be simultaneously satisfied, given the organization’s resources. Subunit preferences are viewed as based on the identification of subunit members with the goals and conditions of the subunits of which they are a part. Differences in subunit preferences are viewed, in turn, as a source of ongoing tension and periodic conflict among subunits, especially over the distribution of resources. In the resolution of subunit conflict and tension, bargaining and power-based mechanisms are viewed as more salient than persuasion and problem-solving mechanisms; this is because the latter mechanisms are likely to be ineffectual in altering preferences based on members’ identification with subunit goals. Hence, the development of system-level policy requires the building of a coalition whose members will identify with the policy because it serves, or is acceptable in terms of, the interests of the subunits.

In this description of the prevailing state of organizations, the place of members’ identification with subunits is central. Conditions that weaken members’ subunit identifications and strengthen their system-level identifications provide a basis for achieving the degree of integration among subunits that previously had occurred within them. When system-level identification is strong, disputes may be resolved through persuasion and problem-solving rather than through bargaining and power-based mechanisms. Under such conditions, an orga-
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ization may be more accurately described as a collegial group or clan (Ouchi, 1980; Wilkins and Ouchi, 1983) than as a coalition of disparate interest groups.

An organization is neither strictly a coalition nor a clan, but may be either, depending on conditions. In line with the coalition model of organizations, we do hold that certain ubiquitous conditions of organizations foster members' subunit identifications: for instance, divisions of labor, which orient members' concerns to a narrow set of subunit goals, and reward systems, which link the attainment of subunit goals to the satisfaction of personal goals. However, the extent to which members identify with their subunits also depends on conditions that vary in and among organizations. In particular, the extent of competition among subunits for organizational resources substantially affects the probability that a subunit's members will evaluate alternative policies in terms of consequences for their subunit. We support this argument through an analysis of the preferences of subunit managers for particular organizational resource-distribution policies, rules that govern the distribution of resources to subunits.

BACKGROUND AND HYPOTHESES

Subunit managers are key figures in contests for organizational resources, because the power of a subunit tends to be expressed through the activities of its manager (Mintzberg, 1973). Pfeffer and Salancik (1977) argued that subunit managers' activities include not only efforts to secure yearly increments to their subunits' budgets, but also efforts to influence the resource-allocation policies that govern budgetary decisions. Salancik and Pfeffer (1974) found that subunit managers advocated the use of resource-allocation criteria that selectively favored their subunits; for example, they found that the greater the amount of extramural funds granted to a university department, the more likely was the head of the department to advocate extramural funding as a criterion for the allocation of intramural funds. Pfeffer and Salancik (1977) found a positive relationship between a subunit's effectiveness in securing resources and their subunit manager's advocacy of a criterion favorable to the subunit. This finding implies that subunit managers are simultaneously advocating the use of a favorable criterion and a "positive" pattern of resource allocation in which the amount of resources received by a subunit is a positive function of the subunit's performance on the criterion. Subunit managers might agree on the importance of a particular criterion but differ in their preferences about distribution patterns. Rather than the "positive" pattern, they might prefer a "negative" distribution, in which more resources are allocated to low-performance than to high-performance subunits, or a "flat" distribution, in which resources are evenly divided among subunits.

In this paper, we are concerned with subunit managers' preferences about the manner in which resources ought to be allocated among subunits on a given criterion. We argue that the level of competition among subunits for organizational resources determines the probability that subunit managers will prefer distributions of resources, on a given criterion, that selectively favor their own subunits. Given a performance

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1 Pfeffer and Salancik suggested that this relationship holds only for resources over which subunit managers have some formal control. For resources that are allocated by upper-echelon administrators, they found no relationship among less powerful subunits and a negative relationship among more powerful subunits. The absence of a relationship between advocacy and acquisition of such resources among less powerful subunits makes sense: the preferences of these subunits are irrelevant. With respect to the negative relationship between advocacy and resources among more powerful subunits, they argued that upper-echelon administrators negatively sanction the use of subunit power. However, this argument is difficult to reconcile with the positive relationship between a subunit's power and its receipt of resources from upper-echelon administrators (Pfeffer and Salancik, 1974). Another explanation is that variation in the amount of resources received by more powerful subunits is associated with subunit managers' attentiveness to relative subunit positions on allocation criteria; that is, among the powerful subunits, those that receive fewer resources more vigorously search for criteria that strictly favor their subunits than do those that receive more resources.
criterion, under competitive conditions the relative performance of a subunit is expected to predict its subunit manager’s preference: managers of low-performance subunits should tend to prefer a negative distribution, managers of high-performance subunits should tend to prefer a positive distribution, and managers of average-performance subunits should tend to prefer a flat distribution. The above correspondence should be stronger under those conditions that foster competition among subunits than under those conditions that diminish competition.

Following Simon (1976: 205), we view subunit managers’ preferences (i.e., for distribution rules that selectively favor their own subunits) as manifestations of their identifications with their subunits. Possible groups (or targets) with which managers could identify include external organizations, the organization of which the manager’s subunit is a part, and the manager’s subunit (March and Simon, 1958: 65–77). Since organizational members do not necessarily identify with their subunits, conditions affecting the probability of identifying with the subunit warrant examination. Each of the hypotheses we put forward is concerned with the effects of competition but focuses on a different mechanism through which competitive pressures are reduced or increased in an organization.

Effects of Competition

We argue that competition determines members’ identifications by affecting the definition of subunits’ choice situations. We make a distinction between choice situations in which there are more or less pronounced pressures to attain an optimal choice. Resource-allocation preferences are conceptualized as decisions (or choices) that result from a selection process in which a number of alternatives are narrowed down to one. Given a set of alternatives, the likelihood of a preference for the one alternative that best serves a subunit’s interests is taken to depend on the strength of the subunit member’s motivation to reject as unsatisfactory all other alternatives. Under competitive conditions we expect that subunit members will rigorously search for that resource-distribution rule that best serves their subunit’s goals. The greater the competition, the more rigorous the search and the greater the likelihood that subunit members will select an alternative that well serves their subunit’s interests. Under noncompetitive conditions the selection process is expected to be less rigorous, and the probability is expected to increase that an alternative will be selected that does not optimally serve the interests of the subunit. Where there is little competition among subunits for organizational resources and in the absence of a strong system-level identification, subunit members’ preferences are expected to be randomly selected from among the available alternatives; that is to say, noncompeting persons will be indifferent to the available choices.

Competition among subunits for resources may be reduced (1) by members’ expectations that sufficient resources are available for attaining subunit goals, (2) by formal constraints that restrict policy makers’ discretion in resource allocation and, therefore, subunits’ interest in competition, and (3) by informal pressures that increase the value of cooperation and delimit the form and magnitude of competition. The hypotheses to be
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tested herein bear on each of these mechanisms through which the level of competition among subunits may be influenced.

We have argued that identification with the subunit is likely when there are competitive demands on organizational resources. If the amount of available resources is sufficient to satisfy subunits’ role imperative to maintain or increase their performance, then subunits are more likely to be indifferent to alternative resource-allocation policies. A belief that there is a declining pool of resources available to subunits increases the perceived likelihood that allocations to particular subunits will be reduced and, in so doing, increases subunits’ interest in organizational resource-allocation policies. Such attention increases the likelihood that subunit members will evaluate alternative policies in terms of subunit interests. Along similar lines, a belief that there is an increasing pool of available resources is hypothesized to decrease the likelihood that subunit members will evaluate alternative policies in terms of subunit interests (deCarufel, 1981; Greenberg, 1981). In incrementalist systems, where relatively small increases to subunit budgets are the norm, the expectation of growth in resource availability may be an especially powerful stimulant to subunit members’ indifference about alternative resource-allocation policies (Wildavsky, 1964; Davis, Dempster, and Wildavsky, 1966). This leads to the following hypothesis:

Hypothesis 1. Identification with the subunit is more likely if members perceive that the amount of resources available to subunits is decreasing than if they perceive that the amount of such resources is increasing.

Cyert and March (1963) suggested that the institutionalization of system-level policies, by constraining discretion and removing alternative policies from conscious consideration, is likely to reduce conflicts among subunits over resource allocations. Salancik and Pfeffer (1974: 464) suggested that subunit power is less likely to be exercised when discretion is limited, and they noted that discretion is missing “when the allocation process is determined by law, strongly held norms, or by some external agency.” When discretion is limited, alternatives to existing policies may not be viewed as relevant or feasible; in turn, subunit members’ motivation to evaluate alternative policies in terms of subunit interests may decline. The effect of plans and procedures rests on the extent to which they are perceived as entailing a regular constraint upon allocators’ decision making about the distribution of resources to subunits. If no regular constraint is believed to exist, then discretion may not be considered as limited. Thus, we hypothesize,

Hypothesis 2. Identification with the subunit is more likely if members perceive that no plan or operating procedure governs the allocation of resources to subunits than if they perceive that such a plan or procedure does govern such allocations.

Conflict is common in organizations, and strong informal pressures that systematically maintain cooperative attitudes among subunits appear to be rare. Our focus is not on such systematic pressures but on transitory pressures that foster cooperative responses to conflict. That is, we are concerned with the occurrence of periodic increases in informal pressures that restrain competition and decrease identification with sub-
units. We suggest that such pressures occur in response to controversy over subunit resource allocations. We expect that, with controversy, information on the consequences of alternative courses of action will become more widespread: information is more likely to travel across weak communication channels (Granovetter, 1973) and modify opinions on means-ends relationships. In addition, under the condition of controversy, subunit interests are expected to give way to alternative interests in system stability and the reduction of interpersonal tensions (Leventhal, 1976; Mikula, 1980). Hence, in affecting information and priorities, controversy alters the definition of the situation for each party and weakens their tendency to base preferences strictly on subunit-oriented calculation. When controversy is absent, subunits are more likely to be insulated from "cosmopolitan" influences and to be oriented to parochial subunit goals and to the bodies of information that bear on these goals. Acknowledging controversy is a precondition for subunit members’ redefining their choice situations. If subunit members do not acknowledge the occurrence of controversy, then they are likely to be insulated from pressures to alter priorities. With this hypothesis we suggest that the perception of controversy generates informal restraints on competition among subunits for organizational resources:

Hypothesis 3. Identification with the subunit is more likely if members perceive that controversy over resource allocations to subunits has been rare than if they perceive that such controversy has been frequent.

Our three hypotheses emphasize subjective (informational) influences on the identifications of subunit members. A perceived decline in resource availability, a belief that a plan governs resource allocations, and an insulation from controversy are hypothesized to ground subunit members’ preferences on subunit-oriented calculation. A perceived increase in resource availability, a belief that a plan governs resource allocations, and an acknowledgment of controversy are hypothesized to undermine subunit-oriented calculations. Although it is of interest to inquire how objective conditions affect subjective definitions of choice situations, such objective conditions are exogeneous (antecedent) variables in the theory of decisions. In this view, we follow Cyert and March (1963: 83), who observe that “Organizational decisions depend on information, estimates, and expectations that ordinarily differ appreciably from reality.” However, because the sources of subunit members’ beliefs are of interest, some contextual data will be reported as part of this research.

Our hypotheses are expected to hold among managers in organizations with similar levels of uncertainty in system-level decision making and interdependence among subunits. Since these conditions may affect both the level of subunit competition and the probability of members’ identification with subunits, they must be held constant.

Higher levels of uncertainty in system-level decision making should be associated with higher probabilities of members’ identification with subunits and of competing positions on preferred policies. Such uncertainty disseminates influence over organizational policy from higher to lower echelons, especially to those lower-echelon subunits that are best able to absorb uncertainty and to provide resources critical to the
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organization (Crozier, 1964; Lawrence and Lorsch, 1967; Thompson, 1967; Hickson et al., 1971). Under conditions of uncertainty, policy makers are likely to evaluate alternative courses of action more in terms of political or particularistic criteria than analytic or universalistic criteria (Thompson and Tuden, 1969; Pfeffer, Salancik, and Leblebici, 1976). Uncertainty about the effects of particular policies fosters a search for clarification and new alternatives (March and Simon, 1958).

Hence, uncertainty encourages subunit members to develop and advance arguments that indicate how the activities of their subunits contribute to the pursuit of broader organizational objectives — to identify with their subunits in evaluating organizational policy. Because the level of uncertainty is determined by the state of knowledge on means-ends relationships, it should be relatively fixed for particular organizations and be relatively homogeneous for organizations within the same industry.

Higher levels of subunit interdependence should be associated with lower probabilities of members’ identification with subunits and with lower levels of competition among subunits. Subunit members are unlikely to evaluate a policy strictly in terms of its consequences for their own subunit when it has consequences for other parts of the organization on which the subunit depends (Katz and Kahn, 1978: 630–634; cf. March and Simon, 1958; Thompson, 1967). Interdependence blurs the functional distinctions between subunits and, in effect, creates shared goals among subunits (i.e., an interest in maintaining high levels of performance among subunits). Subunit interdependence constrains competition by requiring that subunits look out for each other’s interests in pursuing their own. As with uncertainty, the level of subunit interdependence should be relatively fixed for particular organizations and shared by the organizations within the same industry, since it depends on knowledge concerning input-output relationships among subunits.

Our research was set among subunit managers in educational organizations where unclear technology and subunit autonomy are both manifest (Cohen, March, and Olsen, 1972; Cohen and March, 1974; March and Olsen, 1976). Consequently, we expected relatively high baseline probabilities of identification with subunits and differences around this baseline as a function of perceived resource availability, planning, and controversy.

METHOD

Data Collection

The subunit managers studied were elementary school principals in a large western state who were from districts with three or more elementary schools. A simple random sample of 305 principals was drawn from a directory containing a complete list of the principals in the state. A mailed survey questionnaire was used to collect the data. Two hundred and seventeen usable responses were elicited after three follow-ups, providing a response rate of 71 percent.

More than a year after the principals’ data were gathered, a questionnaire was mailed to the superintendents of the 217 principal-respondents. The superintendents’ questionnaire

2 In terms of the phi coefficient, if the absolute magnitude of an association between two variables in the population is .20 or greater, then the power of a chi-square test (.05 level, df = 1) is at least .93 for a sample size of 300 (Cohen, 1977). Our sample size was designed to provide sufficient power under the assumption of a 65-percent response to the survey.
contained selected items from the principals’ questionnaire for which we sought verification: the average pupil’s achievement in the principal’s school, the enrollment trend in the district, the occurrence of resource-allocation controversy in the district, and the existence of long-range plans about resource allocations in the district. Average school achievements and district enrollment trends are perhaps more stable over time than the occurrence of resource-allocation controversy and planning; hence, the former may be more amenable to retrospective data collection than the latter. Though in our solicitation of superintendents’ reports we indicated that we wanted retrospective data, whether we were successful (especially on the measures of controversy and planning) is open to serious question. After three follow-ups, the survey of superintendents elicited a usable response of 75 percent.

**Principals’ Identifications**

We assumed that principals view resources (in the form of attention and effort committed to a school) as affecting their schools’ academic performance and that their schools’ academic performance is a major concern for them. These assumptions are consistent (1) with the literature on effective schools directed to school administrators, (2) with state and federal efforts to equalize educational opportunities in terms of resources, and (3) with various states’ (e.g., California, Michigan, and New York) regular testing of student achievements, their dissemination of test results to local school districts, and their allocations of resources on the basis of schools’ test scores. It follows that the principals we studied should be sensitive to and have preferences about the pattern of district resource allocations to schools that differ in their academic performance.

If the principals’ targets of identification are their own schools, then the performance levels of their schools should be associated with their preferences for particular patterns of district resource allocations to schools that differ in their performance. Each should prefer that one distribution, from a set of alternatives, that, based on a school’s performance, provides for the maximum allocation of resources to their school. In short, evidence of a particular correspondence between a principal’s school’s performance and resource-distribution preference is taken as a manifestation or indicator of the principal’s identification with the school.

Our theoretical interest is focused on interaction effects, i.e., whether the linkage between a school’s performance and its principal’s distribution-rule preference is specified by certain conditions. By examining the strength and form of this linkage under different conditions, we are provided with evidence on the question of whether subunit-oriented calculation is more or less pronounced among the principals who work under these conditions.

**Principals’ Resource-Distribution Preferences**

To obtain a measure of principals’ resource-distribution preference, the principals were asked to select from a set of possibilities the most ideal pattern of resource allocations to schools that differ in their academic performance. Our question was phrased as follows:

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We have found that persons have different opinions about how much attention and effort ought to be committed to particular schools in a school district. By effort we mean such things as the amount of instructional material and teacher time available to each pupil, the number of instructional specialists and other special services available to pupils, and the amount of administrative and supervisory activity directed to the school’s instructional program. For example, some persons believe that schools whose pupils have a relatively poor academic performance ought to receive more attention and effort than schools whose pupils’ performance is better; others believe the reverse; and still others believe that all the elementary schools in a district should receive the same amount of attention and effort. Consider three schools that differ in the average academic performance of their pupils: one ranks high, the second in the middle, and the third ranks low. How do you think that attention and effort ought ideally to be allocated among these three schools? Please choose from among the possible allocation patterns described below.

The possible allocation patterns included: (1) one pattern that displayed an even allocation of resources among schools of differing performance (flat distribution); (2) three patterns that displayed a tendency to allocate more resources to higher-performance than lower-performance schools (positive distribution); and (3) three patterns that displayed a tendency to allocate more resources to lower-performance than higher-performance schools (negative distribution). The respondents’ preferences were collapsed into the three major alternative preferences: flat, positive, and negative district-level distributions.

In our sample, there appeared to be an aversion toward the positive distribution, in which more resources are allocated to high-performance than to low-performance schools. Remarkably, only 4 percent of the principals in the sample chose the positive distribution as most ideal, whereas 58 percent chose the flat distribution, and 38 percent chose the negative distribution. In a supplementary question, we asked the principals to indicate which distribution they considered most objectionable; their responses further confirm the existence of a proscription against the positive distribution: 78 percent positive, 20 percent negative, and 2 percent flat. This aversion to the positive distribution is perhaps peculiar to our sample of educators. Among corporate managers, it may be supposed that the positive distribution is not proscribed. However, a general point may be made. In the measurement of choice situations we must allow for the occurrence of industry-wide standards that may proscribe some of the feasible patterns of resource allocations. Such a proscription constrains subunit rationality.

If a broad consensus proscribes two of our three distribution rules (flat, negative, and positive), then selection becomes irrelevant: managers’ preferences will be limited to a single distribution. If either the negative or positive distribution is proscribed, managers in low- or high-performance subunits will be constrained to select the flat distribution. In the unlikely event that the flat distribution is proscribed, managers may select either the positive or negative distribution. In the absence of a consensus about what is proscribed, the correspondence should be as follows: low performance—negative distribution, average performance—flat distribution, and high performance—positive distribution.
In our sample, since the positive distribution was proscribed, we took as evidence of subunit-oriented calculation a correspondence between performance and preference in which low performance was linked to a preference for the negative distribution and average-high performance was linked to the flat distribution. Our analysis focused on the 185 principals who selected either the negative or flat distributions and who reported on the performance of their schools. On the above-described theoretical grounds and for convenience, we treated principals in average-high-performance schools as a homogeneous class. Therefore, the degree of correspondence between performance and preference may be measured with familiar coefficients of association for a two-way cross-classification.

An alternative approach (the results of which also are reported in the paper) is to describe principals as holding or not holding preferences that selectively favored their subunits. The former were those principals in average-high-performance schools who preferred the flat distribution or those in low-performance schools who preferred the negative distribution. The latter were those principals in average-high-performance schools who preferred the negative distribution or those in low-performance schools who preferred the flat distribution.

School Performance

We have conceptualized preferences as arising from a choice among alternatives and have argued that subjective factors are the direct influences on the process of selection and its outcomes. Along these lines, it is a principal’s belief about the performance of his or her school that enters directly into the definition of the choice situation. Accordingly, to obtain a measure of school performance, we asked the principals, “In relation to the District Test Norms how would you rate the academic performance of the students at your school?” and provided them with the following response categories: well below average, slightly below average, average, slightly above average, and significantly above average.

The principals’ self-reports on the relative performance of their schools were moderately associated with their district superintendents’ evaluation of their schools’ relative performance (gamma = .377). Data also were available on state test scores for some (i.e., 75) of the schools and districts in our sample. These objective performance data, gathered from state documents, reported the percentile rank of a school on its students’ math, reading, and writing achievements for the year the principals were surveyed. Our measure of a school’s relative performance is the mean difference between the school’s and district’s percentile ranks across the three achievement scores. The principals’ self-reports were substantially associated with the objective relative performance of their schools, as measured by these test scores (gamma = .536).

The principals’ reports on performance were more consistent with the objective relative performance of their schools than with their superiors’ perceptions. Part of the explanation for this may be that the principals more regularly monitor the relative performance of their schools than do their superintendents; another part may be that the objective measure is more reliable than the superintendent’s subjective measure. Never-

3 Of the 217 respondents, 19 did not answer our question on their resource distribution preference and, among those who did, 8 selected the positive distribution. Of the 190 respondents who selected either the negative or flat distributions, 5 did not answer our question on the performance of their schools. Given the resulting sample size of 185, if the absolute magnitude of an association in the population is .20 or greater (in terms of phi), then the power of a chi-square test (.05 level, df = 1) is at least .76; for associations with magnitudes of .30 or more, the power of such a test is at least .98.

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theless, serious inconsistency in perceptions appears to be minimal. Only one superintendent reported that a school’s performance was “significantly above average” when the school’s principal reported it as “well below average.” A rating thirteen principals gave their schools. Only two superintendents reported that a school’s performance was “well below average” when the school’s principal reported it as “significantly above average,” a rating twenty principals gave their schools.

Conditions Determining Principals’ Identifications

Availability of resources. In school districts the availability of resources is often determined by enrollments. Declining district enrollments are usually associated with school closures, program cuts, and teacher layoffs; conversely, increasing district enrollments are usually associated with an increased availability of resources at the school-site level. Hence, our measure of the principals’ beliefs regarding the expected availability of resources to subunits is derived from the question, “How would you describe the current enrollment trend in your district? (declining, stable, increasing).” Objective data on the districts’ enrollments were gathered from state documents for the years immediately preceding and following the year the principals were surveyed. Our measure of a district’s enrollment trend is the percentage of change in enrollments during this period. The principals’ reports on district enrollment trends were very strongly associated with their superintendents’ reports (gamma = .768) and substantially associated with the objective measure of their districts’ enrollment trends (gamma = .503).

System-level planning. Our measure of principals’ beliefs regarding the existence of system-level planning was derived from the question, “Has the manner in which resources are distributed to schools in the District emerged as the result of long-range planning? (yes, no).” The principals’ reports on the existence of system-level planning were not related to their superintendents’ reports (Yule’s Q = −.079): 49.3 percent of the principal-superintendent pairs were in agreement on this matter.

Controversy. Our measure of principals’ perceived insularity from system-level controversy (acknowledgement of controversy) was derived from the question, “How much controversy has there been in the District during the past five years about the manner in which resources are allocated to its schools? (continuous, periodic, rare, none).” The principals’ reports on the frequency of controversy were weakly related to their superintendents’ reports (gamma = .244). The extent of consistency was not markedly improved by dichotomizing the measure of controversy (continuous or periodic versus rare or none): 56.7 percent of the principal-superintendent pairs were in agreement (Yule’s Q = .257).

The low levels of agreement about planning and controversy led us to examine the incidence of agreement among those pairs of same-district principals that happened to arise in our sample. If principals within the same district did not tend to agree, then the evidence would suggest a strong idiosyncratic basis for their beliefs about the existence of planning and
controversy. The sample included twenty-eight districts with two respondents; seven districts with three respondents; one district with four respondents; one district with five respondents; one district with nine respondents; and one district with fourteen respondents. Among the same-district pairs of principals, 62.4 percent agreed that planning had or had not occurred, and 64.6 percent agreed that controversy had been frequent (i.e., continuous or periodic) or infrequent (i.e., rare or absent). Hence, shared perceptions were somewhat more likely between principals than between principals and their superintendents.

It appears that principals’ beliefs are most likely to be consistent with their superior’s beliefs when these beliefs relate to conditions about which objective information is gathered, documented, and widely disseminated. Their perceptions are less likely to be shared on matters that are either subject to differing interpretation or dependent on a person’s particular location and activity in the district’s communication network (Aldrich, 1979: 125–126). It is perhaps not surprising that the principals and their superintendents often differ on their perceptions of the frequency of controversy, given the highly subjective nature of this phenomenon. It is also possible that superintendents, more than principals, were reluctant to acknowledge to an outsider the existence of intraorganizational controversy.

We were more surprised and concerned with the lack of any correspondence between the principals’ and superintendents’ reports about planning in their districts on resource allocations to schools. Porter, Lawler, and Hackman (1975: 504) have suggested that subordinates often are in doubt about superiors’ objectives; however, we are not entirely comfortable with this possible explanation of the observed inconsistency. We suspect greater consistency might have been observed if more concrete descriptive terms had been used in the questionnaire item, for example, “Is the amount of resources allocated to each school in the district governed by well-specified policies and rules, or is there considerable latitude in the amount of resources that might be received by a school in a particular year?” Accordingly, of the several measures, our measure of a perceived formal constraint on resource allocations is the least satisfactory and the most likely to be associated with a Type II error.

RESULTS

Because our managers’ preferences are confined to flat and negative resource-distribution rules, we have argued that identifications with their subunits will be manifested by an association between their subunits’ performance and their preference, and that the association will be one in which low subunit performance is linked to a preference for the negative distribution and in which average-to-high subunit performance is linked to a preference for the flat distribution. Table 1 shows that the expected association does occur and supports our expectation that the general conditions of educational organizations contribute to a relatively high baseline probability of identification with the subunit. Sixty-three percent of the 185 managers held preferences that selectively favored their subunits. The Yule’s Q of .413 indicates that one would do 41.3
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percent better than chance in always predicting that managers of low-performance subunits will prefer the negative distribution and that managers of average-to-high-performance subunits will prefer the flat distribution. The 95-percent confidence interval for the Yule’s Q is .150–.676. While we may be confident that the expected correspondence exists, our sample size does not permit a more precise assertion of its strength other than that it may range from being weak to substantial. However, internal replications provide some hints as to its actual strength in our population. Under those conditions that we hypothesized do not countervail subunit-oriented calculation, the strength of the correspondence is uniformly substantial.

Table 1

<table>
<thead>
<tr>
<th>Distribution preference</th>
<th>Subunit performance Below average (N = 58)</th>
<th>Subunit performance Average or above average (N = 127)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat</td>
<td>45%</td>
<td>66%</td>
</tr>
<tr>
<td>Negative</td>
<td>55%</td>
<td>34%</td>
</tr>
</tbody>
</table>

| *Phi = .201, Yule’s Q = .413, chi square = 7.504, df = 1, prob. = .006 |

The zero-order associations are uniformly weak and nonsignificant among the factors that we hypothesized affect identification with the subunit, so that we are justified in examining the bearing of each factor separately. We have hypothesized that subunit managers’ resource-allocation preferences are more likely to be based on subunit-oriented calculation if they believe that the amount of available resources is declining than if they believe that the amount of resources is increasing (hypothesis 1). The results in Table 2 support this hypothesis in showing that a subunit’s performance is a stronger predictor of managers’ preferences under the conditions of perceived stability or decline than growth. Under conditions of growth, 54 percent of the managers held preferences that selectively favored their subunits, in comparison to 70 percent under conditions of stability and 65 percent under conditions of decline. We have hypothesized that subunit managers’ resource-allocation preferences are more likely to be based on subunit-oriented calculation if they believe that no plan or standard operating procedure governs the allocation of resources than if they believe that such a plan or procedure exists (hypothesis 2). The results in Table 3 support this hypothesis in showing that subunit performance is a stronger predictor of subunit managers’ preferences when they believe no long-range plan exists than when they believe that such a plan does exist. Under conditions of long-range planning, 58 percent of the managers held preferences that selectively favored their subunits, in comparison to 69 percent under conditions of no long-range planning. Finally, we have hypothesized that subunit managers’ resource-allocation preferences are more likely to be based on subunit-oriented calculation when they are insulated from controversy than when they are not (hypothesis 3). The results in Table 4 support this hypothesis in showing that a subunit’s performance is a stronger predictor of managers’ preferences when managers report that controversy over re-

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4 The zero-order associations among growth (0, 1), controversy (0, 1), and planning (0, 1) are: growth-controversy (phi = .041; Yule’s Q = .089; chi square = 0.361, df = 1, prob. = .548); growth-planning (phi = .076; Yule’s Q = .164; chi square = 1.199, df = 1, prob. = .273); and controversy-planning (phi = .086; Yule’s Q = .172; chi square = 1.592, df = 1, prob. = .216).
source allocations has been rare or nonexistent than when they report it has been continuous or periodic. Under conditions of continuous or periodic controversy, 58 percent of the managers held preferences that selectively favored their sub-units, in comparison to 65 percent under conditions of rare or no controversy.

Table 2

<table>
<thead>
<tr>
<th>Distribution preference</th>
<th>Subunit performance</th>
<th>Average or above average (N = 38)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat</td>
<td>52%</td>
<td>58%</td>
</tr>
<tr>
<td>Negative</td>
<td>48%</td>
<td>42%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution preference</th>
<th>Subunit performance</th>
<th>Average or above average (N = 34)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat</td>
<td>56%</td>
<td>76%</td>
</tr>
<tr>
<td>Negative</td>
<td>44%</td>
<td>24%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution preference</th>
<th>Subunit performance</th>
<th>Average or above average (N = 55)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat</td>
<td>36%</td>
<td>65%</td>
</tr>
<tr>
<td>Negative</td>
<td>64%</td>
<td>35%</td>
</tr>
</tbody>
</table>

*Phi = .053, Yule’s Q = .111, chi square = 0.167, df = 1, prob. = .683
†Phi = .190, Yule’s Q = .444, chi square = 1.547, df = 1, prob. = .213
‡Phi = .283, Yule’s Q = .547, chi square = 6.642, df = 1, prob. = .010

Table 3

<table>
<thead>
<tr>
<th>Distribution preference</th>
<th>Subunit performance</th>
<th>Average or above average (N = 61)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat</td>
<td>44%</td>
<td>59%</td>
</tr>
<tr>
<td>Negative</td>
<td>56%</td>
<td>41%</td>
</tr>
</tbody>
</table>

*Phi = .141, Yule’s Q = .286, chi square = 1.933, df = 1, prob. = .164
†Phi = .293, Yule’s Q = .598, chi square = 7.022, df = 1, prob. = .008
Identification with Subunits

Table 4

<table>
<thead>
<tr>
<th>Continuous or Periodic Controversy*</th>
<th>Subunit performance</th>
<th>Average or above average (N = 53)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distribution preference</strong></td>
<td><strong>Below average (N = 29)</strong></td>
<td><strong>Average or above average (N = 53)</strong></td>
</tr>
<tr>
<td>Flat</td>
<td>48%</td>
<td>62%</td>
</tr>
<tr>
<td>Negative</td>
<td>52%</td>
<td>38%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rare or No Controversy†</th>
<th>Subunit performance</th>
<th>Average or above average (N = 71)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distribution preference</strong></td>
<td><strong>Below average (N = 29)</strong></td>
<td><strong>Average or above average (N = 71)</strong></td>
</tr>
<tr>
<td>Flat</td>
<td>41%</td>
<td>68%</td>
</tr>
<tr>
<td>Negative</td>
<td>59%</td>
<td>32%</td>
</tr>
</tbody>
</table>

*\(\text{Phi} = .135, \text{Yule's Q} = .277, \chi^2 = 1.499, \text{df} = 1, \text{prob.} = .221\)
†\(\text{Phi} = .243, \text{Yule's Q} = .495, \chi^2 = 5.901, \text{df} = 1, \text{prob.} = .015\)

In general, under the conditions that we hypothesized do not countervail identification with subunits, there is a substantial improvement over chance in always predicting that managers in low-performance subunits will prefer the negative distribution and that managers in average-to-high performance subunits will prefer the flat distribution — the Yule’s Qs range from .444 to .598. Under conditions that we hypothesized do countervail identification with subunits, the Yule’s Qs range from .111 to .286. Hence there appears, in addition to the separate support for each of the hypotheses, a pattern of results in which subunit-oriented calculation is reduced to levels that are generally lower than those found under any of the conditions that we hypothesized do not countervail such calculation.

The effect of a perceived growth in resource allocations is especially remarkable, because this perception appears to countervail entirely the presumed effects on identification with the subunit of those general characteristics of organizations that raise the probability of such identifications. The especially weak association between subunit performance and preference under the condition of perceived growth encouraged us to reexamine the bearing of controversy and planning. Table 5 shows the results. Under the condition of growth, subunit-oriented calculation appears to be markedly diminished, regardless of variation in the other two independent variables. Under a condition of decline or stability, the previous results are maintained; that is, subunit-oriented calculation appears to be more pronounced when subunit managers are insulated from controversy and when they believe that there has been no planning than when they are not insulated from controversy and when they believe that there has been planning. Again, the consistency of these results is noteworthy in showing stronger associations under each of the conditions that we hypothesized do not countervail subunit-oriented calculation than under any of the conditions that we hypothesized do countervail such calculation.
DISCUSSION AND CONCLUSIONS

Our arguments concerning the effects of perceived resource availability and discretion on identification with subunits are straightforward extensions of the work of Salancik and Pfeffer (1974; Pfeffer and Salancik, 1977). Our argument about the effect of perceived controversy is somewhat of a departure and warrants further discussion. We have suggested that intense forms of conflict at some point generate a response involving (1) a diminished salience of subunit-oriented calculations and (2) an increased salience of system goals in terms of which the conflict may be more easily resolved. Insulation from controversy permits subunit members to attend more strictly to subunit goals and the bodies of information that bear on these goals. Such insulation fosters subunit competition and identification with the subunit. Conversely, a breakdown of the insularity of subunits may serve to restrain competition and lower the probability of identification with the subunit. We point to the existence of a mechanism, similar to the sequential attention to goals emphasized by Cyert and March (1963), that involves periodic shifts in subunit members’ targets of identification — from subunit to system — as a consequence of acknowledged crisis in organizations.

Our findings in general support the idea that conditions related to the level of subunit competition affect the probability of identification with subunits. Conditions that reduce the level of competition should facilitate the development of organizational policy, because persons’ preferences may be more susceptible to modification when they are not strongly grounded on identification with subunits. Bargains should be easier to reach, because agreement on a bargain is predicated on the disposition of the parties to accept somewhat less than they strictly prefer. However, bargaining is not the only possible mechanism of policy formation in an organization; analytic mechanisms (persuasion and problem solving) are the main alternatives. Conditions that reduce the level of subunit competition may determine whether the bargaining or the analytic mechanism prevails in an organization: if identification with the
Identification with Subunits

subunit is sufficiently weakened, then bargaining may be supplanted by persuasion and problem solving. March and Simon (1958: 157–158) were not insensitive to the possibility that the incidence of alternative mechanisms of forming policy in an organization is conditional:

The greater the dependence of the identification on cognitive links to other goals, the greater the effectiveness of attention-directing stimuli in changing goal emphasis. By the same token, where identification depends on cognitive links, the invention of new techniques for evaluating the means-ends connections between action alternatives and goals will transform bargaining processes into processes of rational analysis.

Persuasion and problem solving should be more prevalent than bargaining among subunits in industries with low levels of uncertainty in system-level decision making and high levels of subunit interdependence. In such industries, we would expect relatively low baseline probabilities of identification with subunits and differences around this baseline as a function of conditions affecting the level of subunit competition.

Besides resulting in clearer restrictions on the scope of the coalition model, research on conditions affecting identification with subunits would contribute to an explanation of the emergence and maintenance of coherent organizational cultures (see the September 1983 special issue of ASQ). While the existence of organizational cultures has been recognized, a rigorous explanation of the conditions of their emergence and maintenance has yet to be forwarded. Extensively shared opinions (views, beliefs, convictions, persuasions, sentiments) arise from effects, on the reinforcement and modification of opinions, of noncoercive interpersonal influences among individuals. A considerable literature supports this assertion and also offers theoretical models that aim to account for the development of widespread agreements on the basis of persuasion-induced opinion changes (Burt, 1980; Alba, 1981; Marsden and Laumann, 1984; Friedkin, 1986). Work is needed that might establish whether such opinion-change models provide a more accurate account of policy agreements in organizations where identifications with the subunit are weak than in organizations where identifications with the subunit are strong.

Work on consensus production in organizations is compatible with previous and ongoing treatments of organizations as conflict systems. The aim of such work is an understanding, at different levels of subunit aggregation, of the conditions under which inconsistent preferences within subunits are reduced to a point where their remaining internal inconsistency is negligible. At any given level of subunit aggregation, if each subunit may be described as having a single coherent preference and if there is noteworthy inconsistency between subunits, then the collection of subunits is appropriately conceptualized as a conflict system. With respect to one or more specified preferences, the level of subunit aggregation at which an organization behaves as a conflict system depends on conditions that have fostered the development of shared preferences at lower levels of subunit aggregation.

Important factors in determining the level of subunit aggregation at which an organization behaves as a conflict system are (1) conditions that weaken identification with subunits at lower
levels and (2) conditions that strengthen identification with subunits at higher levels. We have taken the first set of conditions as the focus of our present analysis. Taking into account conditions affecting the level of subunit competition, future work might focus on the question of whether a weak identification with the subunit automatically implies a strong identification with the organization. As our previous discussion of the literature on organizational cultures indicates, we suspect that the structure of influential communications among members of subunits is crucial to the development and maintenance of an extensive identification with the organization.

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