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Balancing Hamiltonian and Jeffersonian Contradictions within Organizations

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This article describes how institutions get infused with competing logics and analyzes how such competing logics might aid the design of contemporary organizations. It does so by exploring the contrasting views of American founders Alexander Hamilton and Thomas Jefferson on the issues they confronted in the years leading up to and after the United States' independence from the British. Their views have had a lasting influence on the character and efficacy of the U.S. government. Although Hamilton and Jefferson contemplated issues related to the governance of the United States, the authors argue that their writings offer insights that can be useful to students of organizational design. They identify four influential ideas from the writings of Hamilton and Jefferson and discuss their implications for organizational design.

Keywords: *Hamilton; Jefferson; organizations; design; institutions; U.S. history*

Hinings and Greenwood (2002, p. 413) observed that the focus of organizational theorists in business schools in the early days of the field was "how to understand and thus design efficient and effective organizations." However, over the past 2 decades, the research focus among organizational scholars appears to have shifted toward broader, field-level issues,[1] whereas teaching in business schools seems to emphasize more specific skill sets. For instance, a quick survey of the MBA curricula at Harvard, Wharton, and Stanford reveals that the core or required courses at these institutions tend to focus on leadership, organizational behavior, business fundamentals, and analytical skills.[2]

Meanwhile, in recent years changes in environments have posed new challenges for organizations. In many markets, because of uncertainties created by rapid technological changes (Christensen & Raynor,

2003) and fierce global competition, executives face continuous pressures to enhance the adaptiveness and efficiency of their firms. Miller (2005) argued that under such circumstances, organizational design is becoming increasingly critical to deriving competitive advantage.

Studies on contemporary organizational design and forms appear to have adopted diverse perspectives (Child & McGrath, 2001). Some writers have proposed that dealing with the pressures of environmental uncertainty and competitiveness require organizations to develop ambidextrous capabilities (Tushman & O'Reilly, 1996) or create a dialectical orientation and culture (Nonaka & Toyama, 2002; Pasacle, 1990). Such dualistic themes seem to not only offer new insights about organizational design, but also have the potential to explain, bridge, and integrate broader field-level dynamics with organizational-level phenomena (Marquis & Lounsbury, 2007). For example, Greenwood and Hinings (1996) have described how the presence of contradictory (convergent and divergent) institutional pressures enables structural changes within organizations. As several scholars have observed (Friedland & Alford, 1991; Marquis & Lounsbury, 2007; Thornton, 2002), competing logics can offer an institutional field a richer set of mechanisms for change; we believe such logics if designed into an organization may enhance its ability to adapt. Here, logic is "the broad cultural beliefs and rules that structure cognition and guide decision making in a field" (Lounsbury, 2007, p. 289). In this article, we explore how such logics develop and the specific insights they may offer into the design of organizations that are simultaneously adaptive and efficient.

We do so by identifying the ideas espoused by American founders Alexander Hamilton and Thomas Jefferson and how they influenced the development of competing logics within the institutions of governance in the United States. We use this discussion to propose a model of organizational design that is responsive to the competing pressures facing organizations. Drawing lessons for contemporary management from history is not unusual; Rindova and Starbuck (1997) studied the writings of Confucius to understand leadership, Sally (2002) reviewed the history of Rome to draw lessons on coleadership, and Hormats (2003) explored Abraham Lincoln's writings to gain insights on the development of emerging economies. Such studies have the potential to reveal the timeless characteristics of the central principles, constructs, and challenges in the design and management of organizations.

We chose Hamilton and Jefferson for our study because their views have had lasting influence on the character and design of the American republic (Ellis, 2002). We identify four major ideas from their writings that were instrumental in the building of the American system of economy and government (Chernow, 2004). Hamilton and Jefferson disagreed with one another on each of these ideas, and their well-codified debates and the resulting resolutions of these conflicts resulted in a built-in duality within the American system of governance. We organize these discussions around the following constructs: balancing conflict, managing change, distributing power, and leadership tenure.

The article is organized as follows: First, we offer a brief history of the early days of the American republic and the key roles played by Hamilton and Jefferson. Then, on the basis of a thorough review of their writings, speeches, debates, and biographies (e.g., Boyd, 1955; Foner, 1950; Chernow, 2004; Coates, 1995-1999; Ellis, 1997; Lipscomb & Bergh, 1903-1904; Madison, Hamilton, & Jay, 1987; McCullough, 2001; McDonald, 1982; Peterson, 1986), we identify and organize their views on governance and organizational design. Because of the elegance of their writings (and speeches), we often express their views in their own words. We conclude by noting that the four ideas identified in the article reinforce each other and that deriving competitive advantage today requires executives to design organizations that dynamically balance the tensions inherent in Hamiltonian and Jeffersonian prescriptions.

HAMILTON AND JEFFERSON

Historians have maintained that the United States benefited greatly at its founding from the contributions of brilliant thinkers and statesmen such as Benjamin Franklin, Alexander Hamilton, Thomas Jefferson, James Madison, George Washington, and John Adams (Bowen, 1986; Ellis, 2002; McCullough, 2001; Vidal, 2003). Of these, Hamilton and Jefferson are of particular interest to us not only because of their extensive influence on the early organization of the United States, but because of the contrasting views they held on many major issues of governance (Christman, 1992; Cunningham, 2000). The differences between the two were not just limited to their ideas, but also extended to their backgrounds and personalities. This has produced some engaging treatment of the two individuals in texts dealing with the history of

the times and their biographies (e.g., Appleby, 2003; Brodie, 1974; Chernow, 2004; Kennedy, 2000; Mapp, 1991; McDonald, 1982; Peterson, 1986; Randall, 2003).

Hamilton and Jefferson came from vastly different backgrounds. Born to a prominent Virginia family, Jefferson enjoyed a privileged upbringing. He studied at the College of William & Mary and was admitted to the Virginia bar in 1767 (Peterson, 1986). In contrast, Hamilton was born on the British island of Nevis in the West Indies, enduring very difficult times as a child. Impressed by Hamilton's talents, several wealthy businessmen sponsored his studies at King's College (now Columbia University) in New York City (Chernow, 2004). Hamilton and Jefferson were key figures in the United States' struggle for independence from Great Britain and the subsequent building of a new government. Hamilton fought in the American Revolution and ably served as an aide-de-camp to General George Washington (Chernow, 2004). Jefferson authored the Declaration of Independence, served on the Continental Congress, and was the wartime governor of Virginia (Appleby, 2003; Ellis, 2002). Later, Jefferson served as ambassador to France, and Hamilton was closely involved in the drafting of the Constitution to govern the new country, as well as writing 51 of the 85 Federalist Papers that were published (the Federalist Papers provided justification and commentary on the new Constitution). Although not playing a direct role in the drafting of the Constitution, Jefferson was influential through his writings, particularly on the Constitution's Bill of Rights (the first 10 amendments; Appleby, 2003).

Jefferson later served as the first secretary of state under President George Washington until 1793, and Hamilton served as the first secretary of the treasury until 1795; the differences between the two men were to become pronounced during their tenure in the Washington administration (Cunningham, 2000). After a respite, the two rivals faced off again when Jefferson contested the election for the presidency in 1800 against John Adams and Aaron Burr. Hamilton worked hard to defeat Jefferson. When the presidential electors met to vote for the president and vice president, Jefferson and Aaron Burr ended up in a tie. At this point, the hotly contested election was thrown to the U.S. House of Representatives. Interestingly, at this latter stage of the election, Hamilton threw his support to Jefferson, whom he disliked less than Burr. Finally, Jefferson won the election and Burr was given the vice presidency.[3] Hamilton left for New York, where he would later be killed in a duel with Aaron Burr in 1804 (Chernow,

2004). Meanwhile, serving as the third U.S. president, Jefferson continued to build the foundations of what came to be called the "American system" of economics and governance, which was also heavily influenced by Hamilton's work (Ellis, 2002; Simon, 2002).

BALANCING CONTRADICTIONS

Balancing Conflict: Order Versus Dissent

The sharpest contrast between Hamilton and Jefferson can be seen in their view of the level of conflict to be tolerated in the emerging nation. Jefferson abhorred monarchy and, having witnessed the French revolution, was particularly interested in developing a government that was more tolerant of dissent and considered conflict as crucial to effective governance and innovation (Peterson, 1986; Sunstein, 2005). When Daniel Shays, a captain during the Revolutionary War, led a poor farmers' rebellion in Massachusetts, Hamilton was in favor of suppressing it by force. The Shays rebellion had such an impact on Hamilton that he referred to it in several of his writings. In Federalist Paper No. 21, he wrote,

> Usurpation may rear its crest in each [U.S.] State, and trample upon the liberties of the people; while the national government could legally do nothing more than behold its encroachments with indignation and regret. A successful faction may erect a tyranny on the ruins of order and law, while no succor could constitutionally be afforded by the Union to the friends and supporters of the government. The tempestuous situation, from which Massachusetts has scarcely emerged, evinces that dangers of this kind are not merely speculative. Who can determine what might have been the issue of her late convulsions, if the mal-contents had been headed by a Caesar or by a Cromwell? (Syrett, 1962, pp. 387-398)

Disagreeing with Hamilton on this, Jefferson wrote in a 1787 letter to James Madison:

> The late [Shays] rebellion in Massachusetts has given more alarm than I think it should have done. Calculate that one rebellion in 13 states in the course of 11 years, is but one for each state in a century and a half. No country should be so long without one. Nor will any degree of power in the hands of government prevent insurrections. France with all its' despotism, and two or three hundred thousand men always in arms has had three insurrections in the

three years I have been here in every one of which great numbers were engaged than in Massachusetts and a great deal more blood was split. In Turkey, which Montesquieu supposes more despotic, insurrections are the events of every day. In England, where the hand of power is lighter than here, but heavier than with us they happen every half dozen years. (Boyd, 1955, p. 442)

Jefferson's views about dissent and revolutionary change are also evident from his famous "tree of liberty" letter:

What country can preserve its liberties if their rulers are not warned from time to time that their people preserve the spirit of resistance? . . . The tree of liberty must be refreshed from time to time with the blood of patriots and tyrants. (Jefferson to William Stephens Smith, November 13, 1787, in Boyd,1955, p. 356)

Yet, Hamilton feared such revolutionary change and believed a strong central government was necessary to prevent serious upheaval. In Federalist Paper No. 25 (referring to the Shays rebellion), he wrote,

How little the rights of a feeble government are likely to be respected, even by its own constituents. (Syrett, 1962, p. 427)

Jefferson believed that one way to encourage dissent within the country was to ensure protections to its citizens from an overreaching and all-powerful central government. Jefferson was in Paris when the U.S. Constitution was written, and after reading it he wrote to one of its key authors in 1787, fellow Virginian James Madison,

I do not like . . . the omission of a bill of rights providing clearly and without the aid of sophisms for freedom of religion, freedom of the press, protection against standing armies, restriction against monopolies, the eternal and unremitting force of the habeas corpus laws, and trials by jury in all matters of fact triable by the laws of the land and not by the law of nations. (Boyd, 1955, p. 440)

A few years later when President John Adams pursued the passage of the Alien and Sedition Acts to discourage aggressive criticism against the government, Jefferson worked actively—while serving as the vice president to Adams—with James Madison for its annulment.[4] They also teamed up to secretly write

protests against the acts in the Virginia and Kentucky state assemblies, leading to the well-known and controversial Kentucky and Virginia resolutions, arguing for increased rights of individuals. Jefferson firmly believed that offering individuals the right to protest strongly against the government and the right of revolution was vital to the survival of the republican form of government. Jefferson's ideas were influential in amendments that offered constitutional protection to dissent through the Bill of Rights. The United States chose to protect the expression of dissent that has permitted fierce debates about the governance of United States. Such debates generate and become the basis of checks and balances on government; furthermore, such debates ensure that a governing body does not become insular and all powerful (Bowen, 1986; Sunstein, 2005). Hamilton feared that endless pedantic debate over the minutiae of organizing would produce a governance process that would analyze but not decide (Chernow, 2004).

On the basis of this discussion, we infer that a Hamiltonian organization would seek to maintain order; meanwhile, a Jeffersonian organization would develop a culture that encourages dissent. Dissent could be a source of conflict—a situation in which one entity perceives that another entity may prevent it from achieving its objectives because of differences (Vecchio, 2003). Research on group processes has shown that conflicts may be essential to the development of a rich menu of choices for decision making (Andrews, 1971; Janis, 1982; Surowiecki, 2004). Ideally, conflicts become the basis for finding answers to ambiguous questions and initiating significant strategic change (Amason, 1996; Sunstein, 2005). Too little conflict may breed conformance (that facilitates efficiency), but could generate an unwillingness to accept ideas that challenge the dominant worldview within the organization. Often such insularity may create blind spots that render an organization vulnerable to changes in its environment (Zajac & Bazerman, 1991) and problems associated with groupthink (Janis, 1982). Yet, too much conflict can render an organization ineffective, as debates about choices are never settled and implementation is delayed by disagreement over priorities and resource allocation (Goleman, McKee, & Boyatzis, 2002).

Should managers pursue a Hamiltonian path and suppress dissent to maintain order and efficiency, or adopt a Jeffersonian approach that encourages conflict? Given the competing demands of efficiency and

adaptability, structure, and malleability placed on contemporary organizations, clearly neither approach by itself would serve managers well. Thus, managers should maintain a balance between order and conflict within their organization. As firms face upheaval and potentially disruptive change in their environments and need to become more adaptive, executives should encourage experimentation and dissent (Hamel, 2002; Janis, 1982). However, as the adaptation occurs, executives would have to reassert order to ensure that efficiencies are not sacrificed. That is, there is no single magic balance point between order and conflict—rather, executives would have to achieve a dynamic balance (Pascale, 1990) in which they purposefully use dissent while being able to conclude discussion and execute any new plans.

Dissent and conflict can be viewed at the individual, structural, and cultural level. An organization can engender conflict within it by hiring individuals who are willing to openly express their opinions. To do so, executives would have to avoid tendencies to hire and promote cronies or individuals who offer unquestioned loyal support (Jackson, Brett, Sessa, & Cooper, 1991). P&G's CEO Jager found that the organization's conformist, risk-averse, intensely loyal, and disciplined managers were making the firm vulnerable to nimble competitors. As he tried to turn the firm around and make it more innovative, he said, "Great ideas come from conflict" and "I'd like an organization where there are rebels" (as cited in Bartlett, 2004, p. 5). Conflict can also be developed at the structural level. This can be achieved through forums in which employees are encouraged to openly express their views on organizational issues. For instance, at GE Jack Welch initiated forums in which middle managers had to listen to the suggestions that employees had about improvements at their workplace (Greiner, 2002). Firms may offer whistle-blower protection to ensure that employees feel free to speak out without fear of retribution. Finally, and perhaps more important, upper level managers should create a culture of openness and tolerance of conflict by setting examples for others (Detert & Edmondson, 2007). At 3M, for example, CEO DeSimone would tell the story of the team that continued working on an insulated clothing project despite management's attempt to stop it; the project eventually led to the launch of 3M's successful Thinsulate brand of insulation (Stewart, 1996). The telling of such stories within an organization communicates its culture of tolerance for dissent.

Balancing Change: Radical–Proactive Versus Incremental–Reactive

The mission statement of an organization describes its purpose and domain of operation (David, 2003). Mission statements could be considered partially analogous to the Constitution of a country. Both express the central rationale for an institution's existence and serve to guide executive decision making. For insights on organizational change, we examine how Jefferson and Hamilton viewed the interpretation of U.S. Constitution.

Hamilton and Jefferson disagreed on how the new Constitution ought to be interpreted. Jefferson wanted to organize a constituent assembly meeting every 20 years or so to write a new Constitution, consistent with his views on revolutionary change (Vidal, 2003). Jefferson was in favor of proactive transformation to ensure that the government was appropriate to the living generation. His famous observation, "The earth belongs in usufruct to the living," suggests that he realized that the government should reflect the times. He wrote to Samuel Kercheval on July 12, 1816,

> We might as well require a man to wear still the coat which fitted him when a boy as civilized society to remain ever under the regimen of their barbarous ancestors. (Foner, 1950, p. 750)

Jefferson's idea of revising the Constitution every 20 years is also reflected in the following observation to Samuel Kercheval:

> Let us provide in our constitution for its revision at stated periods. What these periods should be nature herself indicates. By the European tables of mortality, of the adults living at any one moment of time, a majority will be dead in about nineteen years. At the end of that period, then, a new majority is come into place; or, in other words, a new generation. Each generation is as independent as the one preceding, as that was of all which had gone before. It has then, like them, a right to choose for itself the form of government it believes most promotive of its own happiness; consequently, to accommodate to the circumstances in which it finds itself that received from its predecessors; and it is for the peace and good of mankind that a solemn opportunity of doing this every nineteen or twenty years should be provided by the constitution; so that it may be handed on, with periodical repairs, from generation to generation, to the end of time, if anything human can so long endure. (Foner, 1950, p. 751)

Jefferson's friend Madison found the idea of periodic revision of the Constitution disturbing and made the case against it in Federalist Paper No. 49, which Hamilton claimed reflected his views as well (Chernow, 2004). Madison pointed out that it would be impossible to have a viable republic if the laws were changed so frequently.

Federalist Paper No. 49 notes Jefferson's proposition as

> that whenever any two of the three branches of government shall concur in opinion, each by the voices of two thirds of their whole number, that a convention is necessary for altering the constitution, or CORRECTING BREACHES OF IT [sic], a convention shall be called for the purpose. (Rakove, 1999, p. 286)

Madison then adds in Federalist Paper No. 49,

> There is certainly great force in this reasoning, and it must be allowed to prove that a constitutional road to the decision of the people ought to be marked out and kept open, for certain great and extraordinary occasions. But there appear to be insuperable objections against the proposed recurrence to the people, as a provision in all cases for keeping the several departments of power within their constitutional limits. (Rakove, 1999, p. 287)

The relevant objection was noted as follows:

> In the next place, it may be considered as an objection inherent in the principle, that as every appeal to the people would carry an implication of some defect in the government, frequent appeals would, in a great measure, deprive the government of that veneration which time bestows on every thing, and without which perhaps the wisest and freest governments would not possess the requisite stability. (Rakove, 1999, p. 287)

Another difference between Hamilton and Jefferson about the approach to change became apparent when Hamilton proposed the creation of a national bank along the lines of the Bank of England. As the bill to charter the Bank of United States passed the House of Representatives, President Washington had sought advice concerning the bank's constitutionality from Jefferson and Attorney General Edmund Randolph. Jefferson argued that the Constitution must be rigidly interpreted. In response, Hamilton argued the doctrine of implied powers—a loose construction of the Constitution—supported the establishment of a national bank to help the central government manage budgets, the currency, and other monetary matters. Jefferson demurred:

> I consider the foundation of the Constitution as laid on this ground that "all powers not delegated to the U.S. by the Constitutions, not prohibited by it to the states, are reserved to the states or to the people" [XIIth. Amendmt.]. To take a single step beyond the boundaries this specially drawn around the power of Congress, is to take possession of a boundless field of power, no longer susceptible of any definition. (Foner, 1950, p. 311)

In response, Hamilton wrote in February 23, 1791,

> In entering upon the argument it ought to be premised, that the objections of the Secretary of State and Attorney General are founded on a general denial of the authority of the United State to erect corporations. The real denial of the authority of the United States to erect corporations. The latter indeed expressly admits, that if there be any thing in the bill which is not warranted by the constitutions, it is the clause of the incorporations.
>
> Now it appears to the Secretary of the Treasury, that this general principle is inherent in the very definition of Government and essential to every step of the process to be made by that of the United States; namely—by power vested in a Government is in its nature sovereign, and include by force of the terms, a right to employ all the means requisite, and fairly applicable to the attainment of the ends of such power and which are not precluded by restrictions & exceptions specified in the constitutions; or not immoral, or not contrary to the essential ends of political society. (Syrett, 1965, pp. 97-98)
>
> It is not denied, that there are implied, as well as express powers, and that the former are as effectually delegated as the later. And for the sake of accuracy it shall be mentioned, that there is another class of powers, which may be properly denominated resulting powers. (Syrett, 1965, p. 100)

Hamilton's letter persuaded President Washington, and he supported the establishment of the Bank of United States, which played a role in creating a national currency and a stabilized monetary policy. Jefferson and Madison opposed the idea of any national bank; the First Bank of the United States' charter expired in 1811, during Madison's presidency.[5]

On the basis of these writings, we believe Jefferson favored changes that were radical and proactive, but was afraid of incremental or creeping changes as these

may lead to a gradual expansion of government's powers. In contrast, Hamilton's faith in the central government was so strong that he was willing to accept a loose interpretation (of the Constitution); however, he was uneasy with radical changes.

In the United States, constitutional scholars, justices, and leaders have constantly grappled with the contradictory views offered by Jefferson and Hamilton in their interpretation of the Constitution (Amar, 2005; Simon, 2002). Governance in the United States has followed the Hamilton recommendation of incremental change through amendments to the Constitution, instead of the Jeffersonian notion of periodic preemptive change by completely rewriting it through a new Constitutional Convention or other means. However, as a legacy of the Jeffersonian view on strict interpretation, the amendment process itself is so complex that it cannot be engaged in casually. As correctly foreseen by Hamilton (and Madison), the relative permanence of the Constitution has offered the United States stable governance, yet the amendment process has allowed it to adapt to the changing environment.

In a Hamiltonian organization, the core mission would be considered a rough blueprint that is used to guide managerial actions. In contrast, a Jeffersonian organization would periodically question the very fundamental reason for its existence and its mission. The Jeffersonian view appears to be partially consistent with Eisenhardt and Brown's (1998) proposition that in an uncertain world, firms cannot wait to react to circumstances, but should control their environment by engaging in *time pacing.* Time pacing involves a firm strategy of introducing change at regular intervals. Such proactive change may not be easy—organizational theorists argue that change is often (and sometimes only) driven by crises (e.g., Barnett & Pratt, 2000). Managers may therefore have to develop a sense of crisis within the organization to provoke proactive change (Dumaine, 1993). At Intel, former chairman Andrew Grove (1999) created such a sense of crisis by advocating the view that only the paranoid would survive the turbulence in the technology sector.

Present-day businesses face environments that require a balance between Hamiltonian and Jeffersonian approaches to their mission. Although some firms, such as GE, have managed to renew themselves by reinterpreting their mission, such renewal includes the risk of mission creep (Einhorn, 2001). That is, incremental departures include the risk that the firm may be left with no clear identity in the market, and be stuck in the middle (Porter, 1980) with capabilities that are not able to support the evolving mission. Thus, firms should depart from their mission, but only after careful deliberation—executives should eschew drift. In addition to incremental changes, executives should also periodically revisit their mission statement and question the need for a radical departure. For example, at Intel a reevaluation of its mission led to its exit from the dynamic random access memory chip market (Burgelman, 1994). Punctuated changes in some environments might make it impossible for firms to adapt by incremental changes alone.

Balancing Power: Centralization Versus Decentralization

In the early years of American independence, a fierce debate raged among the leaders about the level of centralization that would be appropriate for the United States. Hamilton's view on the distribution of power is evident from his speech at the Constitutional Convention in Philadelphia. On June 18, 1787, Hamilton spoke on the floor to reject the Virginia and New Jersey Plans that proposed significant decentralization (Bowen, 1986). Hamilton argued for a more powerful central government than the one suggested by the Virginia Plan. Hamilton's views were recorded by James Madison and Robert Yates. It is clear from reading their notes that Hamilton did not trust the "masses" to consider the best interests of the new country:

> All communities divide themselves into the few and the many. The first are the rich and well born, the other the mass of the people. The voice of the people has been said to be the voice of God; and however generally this maxim has been quoted and believed, it is not true in fact. The people are turbulent and changing; they seldom judge or determine right. Give therefore to the first class a distinct, permanent share in the government. They will check the unsteadiness of the second, and as they cannot receive any advantage by a change, they therefore will maintain good government. (Syrett, 1962, p. 200)

Hamilton further argued that it would be impossible for individual states to defend themselves effectively from external attacks, which proved a chillingly accurate prediction when the still-decentralized country faced serious British attacks in the War of 1812. Hamilton further feared that decentralization would

create challenges in equitable contribution to the national effort and expenses. He added that decentralization would allow individual states to cheat or shirk responsibility because of the ability to hide behind the group and the perceived delinquency on the part of others and that state leaders would be more interested in their own well-being than in the national interest (Chernow, 2004).

Historians suggest that Jefferson more or less liked the level of decentralization initially offered in the Constitution that was adopted. Jefferson was in Paris when the Philadelphia convention convened; his views are evident from a letter he wrote to compatriot James Madison on December 20, 1787. As we noted earlier, Jefferson's main concern was the absence of a Bill of Rights to prevent the consolidation of power among a few. Jefferson repeatedly returned to the theme of distribution of power and decentralization. As he wrote in 1821,

> It is not by the consolidation or concentration of powers, but by their distribution that good government is effected. Were not this great country already divided into States, that division must be made that each might do for itself what concerns itself directly and what it can so much better do than a distant authority. Every state again is divided into counties, each to take care of what lies within its local bounds; each county again into townships or wards, to manage minute details; and every ward into farms, to be governed each by its individual proprietor. . . . It is by this partition of cares descending in gradation from general to particular that the mass of human affairs may be best managed for the good and prosperity of all. (Jefferson, 1986)

The United States has sought to balance the competing prescriptions for centralization and localization offered by Hamilton and Jefferson, respectively. This built-in duality has served to simultaneously increase the efficiency and responsiveness of U.S. governance. Limited decentralization through a federal system (state and local governance) has increased the country's ability to adapt to changing needs, as states have been able to experiment with novel solutions—for example, on school education, social welfare, and health care—and centralization has allowed for unity of purpose and achieved goals that required a national commitment and scale such as national defense.

A perennial challenge for managers, especially in diversified firms, involves the level of centralization or decentralization to be designed into the organization

(Daft, 2005; Duncan, 1979). It is clear from the above writings that Hamiltonian organizations would be centralized, whereas Jeffersonian organizations would be highly decentralized. Studies have shown that centralization (or decentralization) may affect an organization's performance, employee morale, and adaptability (Chandler, 1962; Lawrence & Lorsch, 1967; Worthy, 1950). Past studies on contingency theory have suggested that each of these structures may be appropriate for a particular environment and strategy (Burns & Stalker, 1961; Chandler, 1962; Lawrence & Lorsch, 1967). However, because of the dual pressures of uncertainty and competitiveness facing contemporary organizations, it is increasingly evident that firms are unable to use any single structure alone. These organizations, like governance in the United States, may seek the benefits of centralization and decentralization—efficiency and responsiveness—by maintaining competing structures within them. Firms may do so by first identifying critical areas that can be completely delegated to various levels of managers, functions, or subsidiaries. This would allow the firm to create an internal ecology within which requisite variations and selection processes could occur. Winners from within these distributed ecologies could be transferred to other parts of the organization. Jack Welch used to assert that GE's greatest advantage was based on testing new management recipes and then transferring successful ones from one division to another (Halawi, McCarthy, & Aronson, 2006). Next, executives may identify areas, such as corporate or business strategy, for which decision-making authority is limited to upper management. This would ensure that the decentralization does not lead to chaos and subunits working at cross purposes. For example, during the 1980s too much decentralization led to destructive competition at Apple between the Macintosh division and the Apple II division such that the company had little choice but to restructure and ease the charismatic but mercurial founder Steve Jobs out of the company (Carlton, 1997).[6] Finally, executives may identify areas for which decision making is shared across various levels, functions, and subsidiaries. These shared areas of decision making would act as a catalyst to bring the various levels of the organization together. At 3M, increased competition compelled CEO Lehr to create a three-tiered structure for research. Divisions were reorganized under sectors. At the central level, research and development focused on long-term basic research (Mitsch, 1992). At the sector level, research labs focused on technologies that would have a medium-term

payoff. Meanwhile, the division labs continued to work on technologies with an immediate impact (Bartlett & Mohammed, 1995). However, to ensure sharing of technologies, which Lehr believed was the root of 3M's innovativeness, he developed structured forums that brought together researchers from different divisions on a periodic basis (Angle, Manz, & Van de Ven, 1985).

Balancing Leadership Tenure

Managerial tenure is a critical issue within organization governance. Shorter tenure may prevent managers from being fully effective as they have yet to learn the intricacies of running the business. In contrast, longer tenure may foster managerial overconfidence, bias, risk aversion, and inertia, attributes that are particularly troublesome during faster environmental change. The relevance of this issue was illustrated by Miller and Shamsie (2001), who found that Hollywood executives' tenure was associated with their performance.

Interestingly, Hamilton and Jefferson also considered the issue of tenure. From a letter Jefferson wrote to Madison, it is clear that Jefferson favored frequent job rotation. Jefferson wrote,

> The second feature I dislike is the abandonment in every instance of the necessity of rotation in office, and most particularly in the case of the President. Experience concurs with reason in concluding that the first magistrate will always be re-elected if the constitution permits it. (Boyd, 1955, p. 440)

In contrast, it appears that Hamilton would have been happier with longer tenures. For instance, during his speech in the Constitutional Convention, according to Yates's notes, Hamilton said,

> Congress being annually elected and subject to recall will ever always comeback with the prejudices of the state than the good of the union. (Syrett, 1962, p. 199)

Later he added,

> Can a democratic assembly, who annually revolve in the mass of the people, be supposed steadily to pursue the public good? Nothing but a permanent body can check the imprudence of democracy. Their turbulent and non-controlling disposition requires checks. (Syrett, 1962, p. 200)

Jefferson and others who were very apprehensive about the United States reverting to a monarchy worried that Hamilton wished to introduce a British-style monarchy in the United States, a charge that was probably overstated (Ellis, 2002). Hamilton, in Federalist Paper No. 69, wrote about defending the continuation of presidency and differentiating it from monarchy as follows:

> That magistrate is to be elected for FOUR years; and is to be re-eligible as often as the people of the United States shall think him worthy of their confidence. In these circumstances there is a total dissimilitude between HIM and a king of Great Britain, who is an HEREDITARY monarch, possessing the crown as a patrimony descendible to his heirs forever; but there is a close analogy between HIM and a governor of New York, who is elected for THREE years, and is re-eligible without limitation or intermission. If we consider how much less time would be requisite for establishing a dangerous influence in a single State, than for establishing a like influence throughout the United States, we must conclude that a duration of FOUR years for the Chief Magistrate of the Union is a degree of permanency far less to be dreaded in that office, than a duration of THREE years for a corresponding office in a single State. (Syrett, 1962, p. 591)

Eventually, the 22nd Amendment, passed after Franklin Roosevelt's long presidency, imposed a two-term (or 10-year) limit on the position of the president. Although members elected to both houses of Congress do not face any term limits, the elections themselves are staggered, making it difficult for one party to dominate government for too long. Thus, the U.S. government has sought to achieve a balance between continuity and change.

On the basis of this discussion, we infer that Jeffersonian organizations would favor job rotation to prevent managers from becoming complacent or abusing their power. In contrast, Hamiltonian organizations would prefer to offer managers longer tenure to exploit their expertise. To avoid getting locked in inertia that constrains flexibility and yet develop the expertise needed to achieve efficiency, organizations may follow the U.S. model and develop a top management team with diverse tenure and background (Surowiecki, 2004). This may be achieved through staggered tenure of board members, complementing new CEOs with experienced boards and support staff. For example, the sudden death of Texas Instruments' chairman and CEO Mr. Junkins in 1996 led to the appointment of
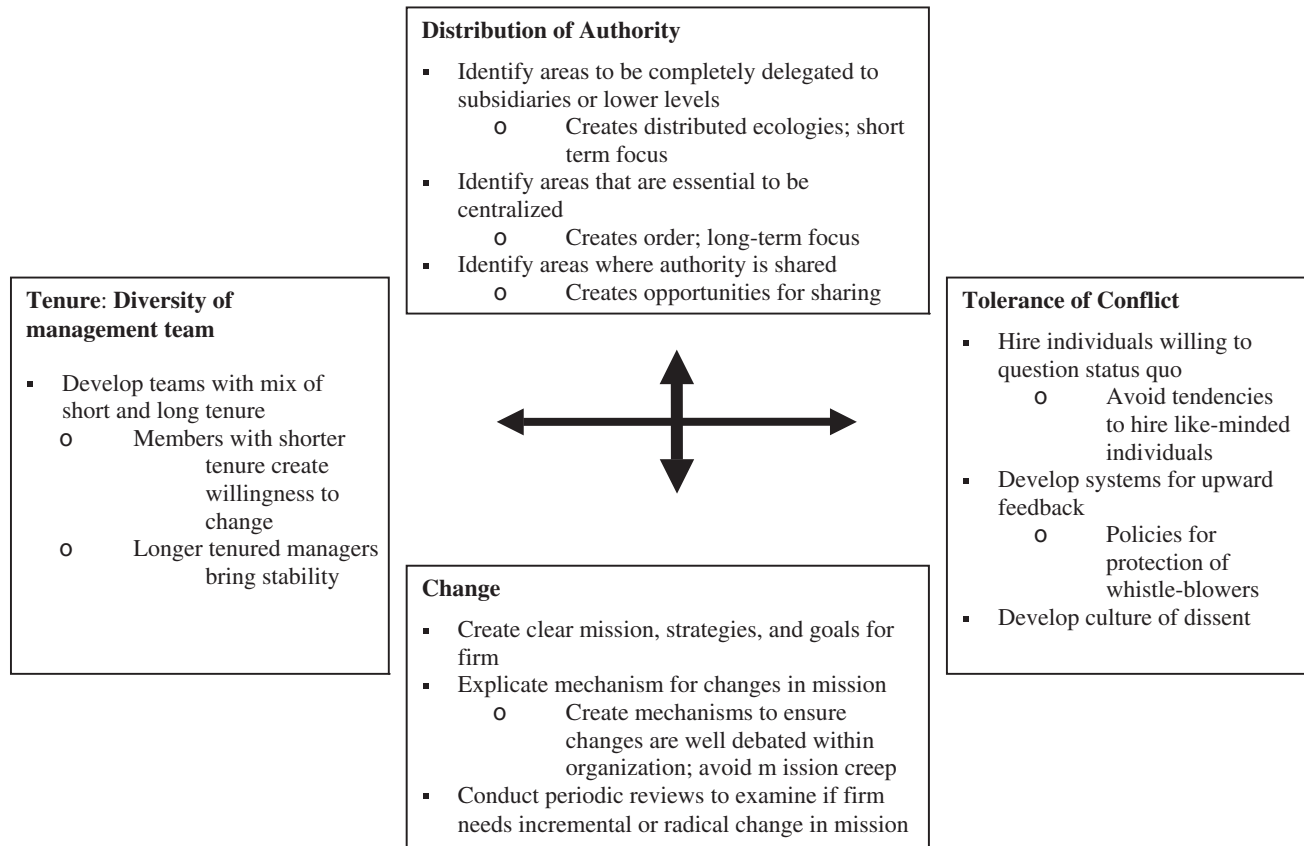
Distribution of Authority

- Identify areas to be completely delegated to subsidiaries or lower levels
  - Creates distributed ecologies; short term focus
- Identify areas that are essential to be centralized
  - Creates order; long-term focus
- Identify areas where authority is shared
  - Creates opportunities for sharing

Tenure: Diversity of management team

- Develop teams with mix of short and long tenure
  - Members with shorter tenure create willingness to change
  - Longer tenured managers bring stability

Tolerance of Conflict

- Hire individuals willing to question status quo
  - Avoid tendencies to hire like-minded individuals
- Develop systems for upward feedback
  - Policies for protection of whistle-blowers
- Develop culture of dissent

Change

- Create clear mission, strategies, and goals for firm
- Explicate mechanism for changes in mission
  - Create mechanisms to ensure changes are well debated within organization; avoid m ission creep
- Conduct periodic reviews to examine if firm needs incremental or radical change in mission

Figure 1:   Elements of an Efficient and Adaptive Organization

Mr. Engibous as a successor (before he had been mentored for the position). To ease the transition, Texas Instruments split off Mr. Junkins's post of chairman and gave it to James R. Adams, a board member (Blumenthal & Lee, 1996). Mr. Engibous's success at Texas Instruments was possible because of the availability of a seasoned board to complement him.

DISCUSSION AND CONCLUSION

The above discussion examined the positions of Alexander Hamilton and Thomas Jefferson on various issues that confronted the United States at its founding. Their views have left a significant imprint on the design of governance within the United States and on the efficiency and adaptability of the U.S. government. Although their thoughts were addressed to the governance of a nation, yet involved constructs such as tolerance of conflict, centralization, change, and executive tenure, we argue that they are meaningful to those interested in the design of contemporary organizations.

Although some scholars with a contingency theory orientation (Burns & Stalker, 1961; Lawrence & Lorsch, 1967) may debate that Hamiltonian organizations appear suitable for a stable environment and Jeffersonian organizations are more likely to fit with a dynamic environment, we believe the unique strength in the design of American governance is the intrinsic duality set up in its institutions by its two visionary founders Hamilton and Jefferson. Likewise, managers may cultivate and balance—like a see-saw (Hedberg, Nystrom, & Starbuck, 1976)—contradictions within their own organizations.

Figure 1 summarizes these contradictions. We believe the four elements support each other in creating an adaptive and efficient organization. For

instance, balancing centralization and decentralization within an organization may support the development of a balance between order and tolerance of conflict, as delegating authority would enhance the likelihood of dissent within organization. Similarly, balancing diversity of tenure may support the development of balance in managing change, as it is conceivable that those with longer tenure would support incremental change and those with shorter tenure would support a radical proactive change. That is, although the contradictions within the elements itself are important, they work together in creating an organizational form that is dynamic and self-correcting.

Our discussion and analysis adds to the emerging literature on ambidexterity, contradictions, and change (Friedland & Alford, 1991; Lounsbury, 2007; Seo & Creed, 2002; Smith & Tushman, 2005) and suggests that designing organizations that embody competing logics would enhance their ability to meet diverse pressures and manage change. This is because, more broadly, malleability of an institutional environment increases as it is infused with intrinsic contradictions, thereby permitting entrepreneurs and actors to enact change. This occurs because even as an institutional order gains dominance, the contradictions lurk in the shadows and become the source of variation that allows actors and entrepreneurs to conceptualize alternatives; moreover, the presence of the alternative infrastructures offers pathways that make transitions more fluid. In contrast, in an institutional environment dominated by a singular logic, the stranglehold makes alternatives less likely to be evident to actors, and unlikely to be proposed or embraced without disruption. Furthermore, the presence of competing logics (Marquis & Lounsbury, 2007) would also allow self-corrective processes to be set in motion if and when actors exert excessive pressures in one direction. That is, in such settings, the elasticity of the institutional environment allows it to revert to a balance. For instance, in U.S. governance, if needed, an actor could centralize power in the executive at the federal level; however, in due course competing pressures would seek to correct the imbalance. In contrast, in a system with singular dominant institutional logic, say a highly centralized system, moving to a decentralized system would be more disruptive; furthermore, unless care is taken to preserve the logic of centralization, the possibility of rectifying excessive decentralization without disruption becomes moot.

Of course, we realize that we have neither asked nor answered all the possible questions about contradictions or design. For example, what are the costs of maintaining contradictions, and how do institutions and organizations dilute the dysfunctional effects of contradictions? What endogenous or exogenous factors influence the location of the tipping point (Gladwell, 2000) beyond which contradictions disappear? We hope additional research into sources of contradictions, their costs and benefits, their preservation, and their decline (or increase) would offer new insights into institutional dynamics and organizational design.

NOTES

1. This is based on a search for *organization design* and *institutional theory* in the citations and abstracts of *Academy of Management Journal, Academy of Management Review, Administrative Science Quarterly,* and *Organization Science* published up to December 2007.

2. Core and required courses were obtained from current university Web sites. Course content assessment was based on the description in the course catalog.

3. This election led to the passage of the 12th Amendment to the U.S. Constitution, which ended the practice of the candidate with the second highest number of votes being awarded the vice presidency.

4. Thomas Jefferson held them all to be unconstitutional and as president worked for their repeal. All of the laws under the Alien and Sedition Acts were repealed or expired by 1802 except for the Alien Enemies Act, which is still part of U.S. law in 2007.

5. Ironically enough, President Madison's government had great difficulty financing the War of 1812 (and even prosecuting it) without some centralized financing mechanism such as the National Bank, and after the war, Madison became a proponent of a central bank. The Second National Bank was chartered in 1816 and is considered a forerunner of the current Federal Reserve system in the United States.

7. Jobs was to return to Apple in 1997 to lead its celebrated resurgence.

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