



# A “missing scroll” of *The Functions of the Executive*

Barnard on  
status systems

## Barnard on status systems in organizations

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### Abstract

**Purpose** – The purpose of this paper is to reacquaint us with Chester Barnard’s seminal treatise on status systems in organizations – the conceptualization that he labeled as a “missing scroll” of *The Functions of the Executive*.

**Design/methodology/approach** – The paper analyzes this “missing scroll” to draw the parallels and distinctions between Barnard’s and the contemporary views of status systems in organization.

**Findings** – The paper outlines how this forgotten piece can inform and enrich the current understanding of the role of status in organization theory.

**Practical implications** – This paper draws practical parallels and distinctions between Barnard’s and the contemporary views of status systems in organization and management literature.

**Originality/value** – This paper corrects the omission from *The Functions of the Executive* showing that Barnard was the first to recognize status systems as systematic in organizations.

**Keywords** Social status, Social structure, Organizational structures, Organizational theory

**Paper type** Conceptual paper

The most significant thing I have to say is that although I have been studying and talking and writing about organization and management for many years and have also been constantly concerned with practical problems of status, it is not until this late day that I have attained a realization that status is necessarily systemized in formal organizations, and not until now that I have secured an explicit understanding of the functions of status systems [...] I had left out of my book [*The Functions of the Executive*] if not Hamlet, perhaps Ophelia, and did not discover it for seven years – and no one reported the omission to me!  
– Chester I. Barnard (South Orange, NJ, June 12, 1947).

### Introduction

Status of individuals is an important concept that for a long time has not been duly recognized by researchers of organizations. In recent comprehensive reviews of research on status and stratification in organizations, status has been conceptualized to reflect access to economic resources, acquisition of social power, and achievement of reputable prestige (Ravlin and Thomas, 2005). The authors of these reviews have however given due credit only to Weber for his original conceptualization of status in *Bureaucracy* of Gerth and Wright Mills, 1958), but have omitted to



recognize specific contributions of Barnard (1938), as the concept of status is not discussed in *The Functions of the Executive* (Ravlin and Thomas, 2005; Pearce, 2001; Washington and Zajac, 2005). Most possibly, this omission has resulted from our common focus on great works rather than on great authors (Kilduff and Dougherty, 2000). As Barnard's great work *The Functions of the Executive* does not address status in organizations, his later conceptualization of status seems to have been lost and may remain lost in the "fog" of management history ... unless management historians recover it to inform the current research of the topic.

Barnard (1948) wrote his seminal contribution on systems of status in management as an essay entitled "Functions and pathology of status systems in formal organizations." The significance of this historical building block to understanding status systems in formal organizations has been neglected for the past 60 years, although it had been sporadically acknowledged by only a few scholars. Goffman (1951) explained the symbolic importance of class status within organizations. Thompson (1961) sought to bridge the gap between specialization and status in a hierarchy. Kemper (1981) used status framework to distinguish between the positivist and social constructionist approach to the sociology of emotions. Several other scholars (Myers, 1948; Hall, 1951; Talacchi, 1960) refer to Barnard when examining the influence of status at organizational and industry levels.

The purpose of this paper is to inform us on Barnard's seminal conceptualization of status in organization and to examine the parallels and distinctions between Barnard's and the contemporary views of status systems in organization and management literature. Our primary objective is to highlight how Barnard's early conceptualization of status in organizations overlaps with and adds to the current understanding of status in organization theory.

### **Status in organizations: Barnard's conceptualization**

Barnard's (1946) essay, "Functions and pathology of status systems in formal organizations", was originally published, as a chapter of *Industry and Society*, a book edited by Whyte (1946). In this essay, Barnard presents a study of status systems and their functioning in formal organizations. In 1948, this essay was reprinted as a book chapter of *Management and Organization*, a collection of Barnard's (1948) selected papers. In the Foreword to this book, Barnard refers to this essay on status systems as a "missing scroll," which should be added to the systems of specialization, authority, and organization communication, described in *The Functions of the Executive*.

Barnard claims that status systems should be examined separately from other organizational systems because social behavior in a society is mapped on a limited scale in organizations (Barnard, 1948, p. 47). Therefore, individuals with high-social status in a formal organization often have a high-social status in the general social system, while those who have low-social status in a formal organization tend to have low status in the general system. To address these and other status-related issues, we follow in this paper the same outline that Barnard followed in his essay on status in organization. First, we define the nature and technical apparatus of status systems in formal organizations; second, we discuss the functions of status systems with respect to individuals; third, we discuss the functions of status in cooperative systems; and finally, we outline the destructive tendencies of systems of status.

The organizing framework for our review of Barnard's conceptualization of status in organizations is shown in Table I.

*The nature and technical apparatus of status systems in formal organizations*  
 Barnard defines the status of an individual in an organization as the:

[...] condition of the individual that is defined by a statement of his rights, privileges, immunities, duties, and obligations in the organization and, conversely, by a statement of the restrictions, limitations, and prohibitions governing his behavior, both determining the expectations of others in reference thereto (p. 48).

Systems of status are important to meet informational needs of individuals involved in cooperative systems as they facilitate communication in the organization, as well as effective coordination of work (p. 48).

Barnard posits status in formal organizations has two facets: functional and scalar. Functional status is dependent upon utility of expertise and is not reliant on the position of authority. As ranks are vertically formed, with groups divided by division of labor, specific trades or crafts, and other specializations, the resulting difference between low- and high-skilled labor within the categories reflects the variation of functional status (p. 49). For example, higher status will be attributed to someone holding the position of a machinist, a job category requiring a great deal of skill, than to a machine operator, a position requiring fairly low-level skills to perform the job. Even within a given job category, higher functional status will be attributed to those with experience or demonstrated competence. In contrast to functional status, scalar status is entirely dependent upon chain of command, authority, and jurisdiction. It is formed by horizontal levels and integrated into vertical groups (p. 49). The means by which scalar status is maintained include: ceremonial inductions, insignias, titles, perquisites, limitations, and restrictions of behavior (p. 50).

The nature and technical apparatus of status systems in formal organizations	Functional status – dependent on utility
The functions of status systems with respect to individuals	Scalar status – dependent on authority
	Differences in abilities of individuals
	Differences in doing various kinds of work
	Differences in the importance of various kinds of work
	Desire for formal status as a social or organizational tool
	Need for protection of the integrity of the person
The functions of status in cooperative system	Authentic, authoritative, and intelligible communication
	Part of the system of incentives
	Means of developing a sense of responsibility
The destructive tendencies of status systems	Distorts evaluation of individuals
	Restricts the “circulation of the elite”
	Distorts the system of distributive justice
	Exaggerates administration to the detriment of leadership
	Exalts the symbolic function beyond sustainment
	Limits the adaptability of an organization

**Table I.**  
 Barnard's conceptualization of status systems in organizations

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*The functions of status systems with respect to individuals*

Barnard argues that one of the first steps in the creation of an organization is to establish a status system with five foci that reflect “the differential needs, interests, and capacities of individuals” (p. 53). The first focus, which is a sign of the differences in the abilities of individuals, refers to the differences in the physical, mental, social capacities, interests, and experience level of individuals. Barnard posits that the differences in the capacity of individuals lead to differences in both their informal status and their formal status (p. 56). The second focus centers on the differences in the complexities of performing various kinds of work, which reflect the differences in the difficulty of related tasks of the job to be performed within the work process. Generally, tasks are considered more complex or more difficult when appraisal and experience indicate objectively that few people are able to perform the task well (p. 56).

Barnard expounded on the idea of the significance of being able to perform complex tasks by introducing the third focus: the need for the complex tasks in the work process to be recognized as important. The importance of the complex components of work establishes the systematic feature to systems of status. Barnard claims, “Status becomes systematic because activities regarded as important are systematized and organized” (p. 56). The emphasis on importance of specific activities explains importance of managerial/executive status and its role in organizations. In this regard, the fourth focus refers to status as a social and/or organizational tool. Barnard suggests that insignia and titles are symbolic credentials that confer the legitimacy of authority (p. 56).

The fifth focus is on the need to protect personal integrity of individuals, particularly those in the positions of authority in the organization. Their personal integrity is protected through four mechanisms:

- (1) status system signals personal history of success;
- (2) status system signals the authority of those from whom commands are to be received;
- (3) status system symbolizes sustained preservation of organizational values by those leading the organization; and
- (4) status system affords protection against excessive claims against the individuals in the position of authority (p. 59).

*The functions of status in cooperative systems*

Taking the executive perspective, Barnard claims that the significance of status in cooperative systems engenders the need for executives to develop a practical understanding how to maintain and improve status systems. First, executives should be aware that the status systems that they observe are not framed in terms of individual needs but rather in terms of “specific organizational practices and forces” (p. 63). Second, effective cooperation requires status systems that are authentic (the system of organizational communication should really come from whom it alleges to come from), authoritative (so that it could be relied upon as a basis for collective action), and intelligible (tailored to the capacities of the sender and receiver). Finally, status systems with these characteristics should become an important part of the system of incentives, as well as an essential means of developing a sense of responsibility and imposing and fixing responsibility (p. 64).

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As authoritativeness is a necessary but insufficient part of effective communication in cooperative systems, executives should therefore understand how status systems channel authentic communication and how status systems can be used as an incentive system. Status allocation can be used to signal “prestige for its own sake” or to reinforce of a subordinate’s ego, where “prestige becomes a valuable means to other ends” (p. 68). Executives should be however particularly concerned with the cases involving the loss of status. The loss of status is generally considered to be far more devastating than the failure to improve status because the function that status plays in creating and maintaining dependable behavior is important in cooperative systems (p. 69).

#### *The destructive tendencies of status systems*

While executives should be concerned with the organizing functions of status in cooperative systems, they should also know that status systems may have some disorganizing effects. Barnard argues these disruptive tendencies occur because the status system tends over time to engender a distorted evaluation of individuals. In particular, status systems tend over time to restrict unduly the “circulation of the elite” (i.e. implementation of succession plans) and thus distort distributive justice. Such an unjust status system not only exaggerates administration to the detriment of leadership and morale but also exalts the symbolic function beyond the appropriate level (i.e. thus enhancing the rigidity rather than the desired adaptability of an organization) (p. 71).

Status systems can also become dysfunctional when their dimensions (the abilities of individuals, the difficulties in doing various kinds of work, the importance of various kinds of work, and the needs of the system of communication) become ambiguous and constrain the cooperative system. For example, individual ability may be determined and accepted socially, but not objectively. Also, difficulties associated with performing various kinds of work may burden the utilization of the social system when they require excessive adaptation to behavior. As a result, the importance of work, when determined and valued socially, will not likely match the formal system of communication and coordination (i.e. the system which is primarily structured to support cooperation) (p. 74).

An additional challenge is restoring morale in those of inferior status while restraining morale in those of superior status in organizations. To that extent, hiring someone of superior status to replace a person of inferior status may entail functional ineffectiveness, incapacities in communications, and lack of mutual confidence among communicators (p. 76). Such process of readjustment and replacement in the status system may cause interruptions within systems of status.

The interruptions are particularly apparent when inferior candidates are selected over superior contenders in the leadership succession process (i.e. also known as the “circulation of the elite”). The reasons for the interruptions include:

- difficulties with free circulation of the elite occur because stability is necessary for systems of status in order for improvement of status to serve as an incentive;
- demotion has stronger effects than lack of promotion; and
- good communication is based on trusting relationships, which are associated with stable systems of status (p. 78).

In other words, the leadership succession process becomes disrupted when those who are capable of replacing those of higher status, but are not allowed, are unjustly deprived of their "social dividend" (p. 79). Loyalty is thus becomes rewarded in organizational practice to the detriment of leadership development. Although formal procedures and technical practices are necessary, their distorted use of rewarding loyalty over competence can lead to the discouragement of leadership development (p. 80).

Another destructive tendency of status systems becomes salient when the symbolic function of status becomes self-serving. In this instance, the symbolism involved in the office typically exceeds the capacities of individuals who have become symbols of an organization (p. 81). These excessively symbolic status systems negatively affect the organizations by constraining its flexibility.

In summary, consistency of purpose and coordination of cooperation can be accomplished through properly functioning and flexible status systems. However, the maintenance of flexible status systems requires social skill of managers and executives. As status system flexibility can easily turn into system rigidity, this dysfunctional process must be controlled (p. 83). Specifically, Barnard outlined three principal functions that such a control must accomplish: to ensure that there is correspondence between status and ability by free movement, to prevent the systems of status from being ends, and to see the emoluments of office and trade are proportionate to the necessary levels of incentives and morale (p. 83).

### **Contemporary view of status in organizations**

In the contemporary literature, the construct of status has been recognized to play a significant symbolic role in organizations and/or groups (see Ravlin and Thomas, 2005, for an extensive overview). Table II shows how several authors have described various mechanisms through which status can impact how an individual's position is perceived in a group, community or an organization (Ridgeway, 1991; Lucas, 2003; Thompson and Subich, 2006). For example, Morril *et al.* (1997) found in their study of white collar crimes that status of managers could influence the degree to which a questionable act (performed by high-ranking managers) is viewed as acceptable or unacceptable by others in the organization. Herein, Morril *et al.* (1997, p. 523) define status as the "vertical aspect of social life... the uneven distribution of material conditions of existence, including life opportunities and authority rankings." Their review of the effects of vertical status (a manager's formal rank in the organization) on the evaluation of the seriousness of managerial actions is summarized with a statement that:

[...] a normatively questionable act committed against an organization by a high ranking manager would be judged as less serious than when the same act is committed by a low ranking manager (Morril *et al.*, 1997, p. 523).

Waldron (1998) presents an overview of status research, suggesting that status rankings and formal positions in organizations are parallel but different concepts, as status is often expressed through a multitude of symbols including that of a job title. Waldron (1998) also emphasizes the importance of status as a symbolic motivator of cooperation within organizations. However, building on equity theory, this author argues that perceived inequities in status rewards may negatively affect the amount of exerted cooperative effort.

Source	Conceptualization of status
Morril <i>et al.</i> (1997)	Status refers to the “vertical aspect of social life”, i.e. the uneven distribution of material conditions of existence, including life opportunities and authority rankings
Waldron (1998)	Status is often expressed through a multitude of symbols (e.g. job titles)
Lucas (2003)	Status (of an individual) refers to position in societal structure based on respect, prestige, and honor
Stewart (2004)	Status is a product of others’ subjective evaluations. (diffusion of status is largely a social process)
Sell <i>et al.</i> (2004)	Status is acquired through accumulation of resources, prestige, and power
Ridgeway (1991)	Status construction theory – hypothesizes that status will be judged based on the salience of characteristics such as race and/or sex
Lamertz and Aquino (2004) Spataro (2002)	Status is the relative social position of individual in society assessed <i>Formal status</i> differences in organizations result from status levels that are imposed by the external structure. (e.g. with job levels, ranks, or titles). <i>Informal status</i> is more organic and emerges spontaneously during one’s interactions within the group
Harms <i>et al.</i> (2007)	Traits and motives play a role in predicting status attainment
Thompson and Subich (2006)	Career-decision making process (of individuals) and their perceptions of societal status are related
Ravlin and Thomas (2005)	Status and stratification in organizations are weakly associated with an organization’s formal hierarchical structure and strongly with social networks in the organization

**Table II.**  
Contemporary  
conceptualizations  
of status

Studying process of institutionalizing women as leaders in organizations, Lucas (2003) examines social status of an individual, positing that it refers to his/her position in societal structure based on respect, prestige, and honor. In an attempt to explain how status of individuals in society influences their status in groups, Lucas (2003) uses status characteristics theory to propose that status hierarchies in groups are formed from the expectations that group members develop for themselves and others in the group in terms of one’s ability to complete a task. Lucas (2003) overviews empirical tests of this theory, which have yielded findings indicating that group member attributes become the basis for ability expectations even when the attribute has no relation with the task that the group needs to complete. These attributes are status characteristics, which are considered to be “diffuse” if they carry along with them the expectation of proficiency in a wide variety of situations (gender is an example of diffuse characteristics). This application of status characteristics theory to the role of gender in leadership indicates that female leader candidates will be likely given lower preference when compared to male leader candidates (Lucas, 2003).

Stewart (2004) views status as a product of others’ subjective evaluations of an actor in reference to an individual’s or group’s prestige or honor. An actor’s status is mostly determined by what others are saying about the actor, thus reflecting the social ties that are perceived to have been formed between him/her and others within the community. This view implies that diffusion of an actor’s status is largely a social process. For example, when the number of others who have expressed an opinion regarding an actor’s status increases, uncertainty regarding his or her status is reduced and his or her

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position in the social structure becomes increasingly taken-for-granted. In effect, the actor's social position becomes "old news" to others and, therefore, his or her status will become less of a focal point for evaluation. Thus, as an actor's tenure in the community or market increases and the actor's status position becomes eventually institutionalized, less public attention will be paid to that actor's social rank. Stewart (2004) claims that stable status orders emerge within social realms, such as a market or community, once actors learn that one's reputation is something that needs to be managed very early in his/her tenure in the labor market or community (Ridgeway, 1991).

Echoing the view of many social network scientists, Sell *et al.* (2004) argue that status significance is acquired through accumulation of resources, prestige, and power. As power can be a means to acquire resources and prestige, power and status are related concepts. Therefore, status of an individual in a group can be attained by the expectations of others in the group that an individual member will have access and acquire resources, prestige, and power (Sell *et al.*, 2004).

Analyzing which characteristics, such as race and sex, might influence status value and status beliefs, Ridgeway (1991) uses status construction theory to propose that a characteristic that was not previously valued in status terms, might through some specific mechanism eventually acquire status value. According to the theory, status of individuals who possess salient characteristics (such as race and/or sex) will be judged based on the salience of that characteristic (Ridgeway, 1991).

In their study investigating whether status causes victimization, Lamertz and Aquino (2004) define status as the relative social position of an individual in society assessed based on some measure of his/her prestige. They define victimization as an individual's self-perception of having been exposed either momentarily or repeatedly to injurious actions that originate from others in the organization. These authors argue that the individual's status or position in society could be an indicator of the potential to experience victimization. Their empirical test supported this hypothesis that difference in status between individuals in organizations is associated with the experience of victimization. The main implication of their study is that social power can be abused particularly by those with high-social status and access to resources (Lamertz and Aquino, 2004).

Spataro (2002) argues that informal status hierarchies in organizations are different from formal status hierarchies. Formal status differences in organizations result from status levels that are imposed by the external structure in a mechanistic way (e.g. with job levels, ranks, or titles). In contrast, informal status, which is more organic, emerges spontaneously during one's interactions within the group. The benefits of possessing both high-formal and high-informal status to individuals who attain them comprise advantages in terms of opportunities and control in social interactions, access to and accumulation of greater resources and rewards, as well as opportunities for self-promotion and a more positive self-image (Spataro, 2002). The attained status not only implicitly confers to individual members a form of power over others in the organization but also indicates the proximity of one's characteristics to those held as ideal by the organization. Therefore, the attained high status is positively correlated with rewards and performance outcomes (i.e. higher status leads to higher expected performance and allocation of greater rewards).

Status also affects how much influence an individual has on work processes and outcomes of his or her coworkers. Higher status (of individuals in groups) is associated

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with initiating communications, getting a greater number of opportunities to participate in group discussions, enjoying increased opportunities to evaluate a group's output, and having a greater influence over a group's decisions. Further, group members are more likely to accept influence from individuals whose status is valued or considered critical to the group's success. Differentiation based on status can thus influence individual preference of working with others of similar or different status (Spataro, 2002).

Harms *et al.* (2007) conducted a study designed to explore the effects of personality traits, motives, and leadership characteristics of individuals in informal, social organizations. In particular, the study explored whether the role variety of individual traits, motives, and social cognitive constructs (e.g. identifying oneself as a leader) might predict attainment of status. The authors found that traits and motives independently played a role in predicting status attainment, as well as that the influence of these variables was mediated by role-relevant identity (e.g. identifying oneself as a leader).

Thompson and Subich (2006) studied the relationship between career decision-making process of individuals and their perceptions of societal status. They found that, measured by the differential status identity scale, economic resources, social power, and prestige of individuals influenced significantly their ability to complete career decision-making tasks.

Ravlin and Thomas (2005) provide an overview of how individual status has been addressed in management literature. They report that social identity and self-categorization theories have been used to look into how individuals try to attain status and how some of them manage to maintain their status through organizational decisions related to selection, promotion, and attrition. To develop a framework that explains why and how status and stratification processes could have an impact in organizational life, Ravlin and Thomas (2005, p. 967) focus on 2Ds of individual status:

(1) achieved status, which is:

[...] based primarily in micro-level personal attributes, such as competence and motivation, over which individuals have some control, and which are associated with them as individuals, not necessarily to groups to which they belong; and

(2) ascribed status, which:

[...] relates to the position or membership an individual holds within societal institutions, and is not controlled by the individual; that is, the value lies in the position, not the person.

These 2Ds of a person's status are often contextualized in terms of one's occupation, financial assets, possessions, behavioral patterns, demographic characteristics (age and sex), and associations with others (Ravlin and Thomas, 2005).

Status hierarchies according to Ravlin and Thomas (2005) are relational, group-level phenomenon (e.g. in small decision-making groups, status hierarchy of an individual reflects his/her influence in the decision-making process). Status hierarchies in organizations are seldom associated with an organization's formal hierarchy but more often with stratification process. Stratification, which refers to the difference in status of an individual in society, affects not an individual's status but also his/her position in an organization. For example, people from the higher social background can

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build a higher level of social capital through parents, relatives, friends, and schoolmates, and hence acquire high-level position in an organization, while individuals from lower social strata, due to low level of their social capital, might find it very difficult to reach the upper-levels in the organization's hierarchy.

In summary, Ravlin and Thomas (2005) argue that status and stratification in organizations do not reflect the organization's formal hierarchical structure but the social networks in the organization. The examination of the networks of individuals in an organization, formed through informal paths/relationships among/between individuals, is one of the most promising avenues of future research of status on organizations.

### **Integrating Barnard's and contemporary views of status in organizations**

Barnard was the first to recognize that general status in the social system affects formal organizational status systems. His emphasis on the functions of status systems with respect to individuals complements the contemporary view that individual qualities influence status positions in formal status systems. Ravlin and Thomas (2005) furthered and formalized the contemporary conceptualization by developing a multilevel model of status, which includes individual qualities, aggregate structure, and societal structure. Lucas (2003) explained how status of individuals in society influences their status in groups. Ridgeway (1991) developed the idea that individual social status influences status in organizations by modeling how salient individual characteristics, such as race and sex, might acquire status value and status beliefs in organizations. Thompson and Subich (2006) explored the link between an individual's ability to pursue a successful career and his or her perception of social status achieved in terms of economic resources, social power, and social prestige. All of these studies resonate with Barnard's early claim that general social status influences status in formal organizations.

The interplay between informal and formal status, later exemplified by Spataro (2002), had been originally conceptualized by Barnard. Specifically, Barnard was the first to note that the differences in the capacity of individuals could lead to differences in informal status, which are superimposed to one's formal status (p. 56). Like Harms *et al.* (2007) did later; Barnard (1948) had recognized individual differences as contributors to status attainment. It should be noted however that Barnard (1948) recognized differences in abilities and capabilities as predictors of status attainment, while Harms *et al.* (2007) claimed that personality traits and motives of individuals influenced status attainment.

Barnard's definition of functional status as utility of individual expertise is supported by recent Sell *et al.*'s (2004) findings that an individual's status (in groups) is based on his/her contribution to completing the group task. Also, Stewart (2004) posits that individuals with high-social status encounter more opportunities as compared to individuals with low status. This claim by Stewart is similar to Barnard's claim that individuals high in social status in formal organizations tend to attain high-social status in general social system and vice versa.

Scalar status, according to Barnard, is established through ceremonial inductions, insignias, titles, perquisites, limitations, and restrictions of behavior (p. 51). This view is similar to the current understanding of expressing status through symbols. For example, Waldron (1998) acknowledges that status is often expressed with a multitude

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of symbols including the use of job titles. In addition, Barnard's status as a system of incentives corresponds to Waldron's (1998) claim of the importance of status as a motivator within organizations.

Recently, Lamertz and Aquino (2004) found in their study that an individual's experience of victimization (in organizations) depends on his/her status. In other words, the likelihood of people being treated inappropriately is based on their social status. Morrill *et al.* (1997) found that status of managers (in organizations) influenced the degree to which a questionable act (performed by high-ranking managers) was viewed as acceptable by others in the organization. Both of these studies reflect Barnard's (1948) original claim that an individual's status is related to the way he or she is viewed and treated by others in workplace, as well as in the general social system.

### Conclusion

Historically, the concept of status systems stems from Weber (1968) who viewed status as a source of legitimate power and authority to impose one's will upon a community and/or an organization. Barnard also recognized importance of legitimizing power as a crucial issue of executive authority to lead adaptation of the organization. However, in his seminal work *The Functions of the Executive*, Barnard failed to recognize that not only executive authority distinctions but also status systems are ultimately indispensable for effective functioning, adaptation and survival of the organization. Barnard's omission to conceptualize status systems in *The Functions of the Executive* seems to have been the main reason why he has been overlooked as a seminal contributor to status in management literature, in spite of his later developments. Over the last decade, the resurgence of the research emphasizing the importance of status as a concept in management literature has created an opportunity for management historians to give Barnard credit due for his original conceptualizations of status systems in organizations.

This paper corrects the omission from *The Functions of the Executive* showing that Barnard was the first to recognize that status, which is systematic in organizations, is closely related to but a separate system from other organizational systems of specialization, organization communication, and authority. He also recognized that systems of status are formed in terms of the characteristics of individuals because of their bearing on behavior and fundamental relationships in formal system of cooperation.

Barnard's revealed contribution informs current understanding and perspectives of status in organizations by recognizing that status systems in formal organizations are influenced by the differences of individuals as well as by general social system status. In particular, his awareness of the differences between functional and scalar status and informal and formal status is still relevant to current perspectives of status.

In summary, the concept of status is important for management literature because people high in status have far greater opportunities to grow, have more autonomy (e.g. in decision making), and are more often than not perceived and treated differently (when compared with someone low in status) by their co-workers. Though often neglected, Barnard's conceptualization of status as a phenomenon of organizational practice has existed since the early 1940s. Building on the material presented in this paper, researchers are encouraged to incorporate Barnard's insights in future studies of status in organizations and enrich our understanding of this concept.

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