

Core Notions

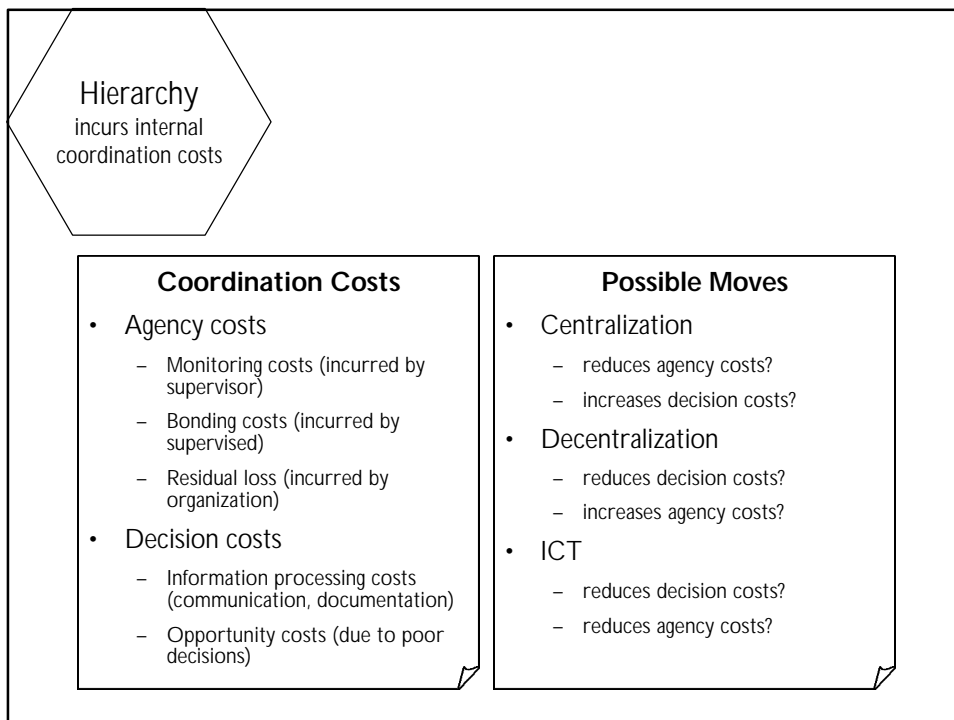
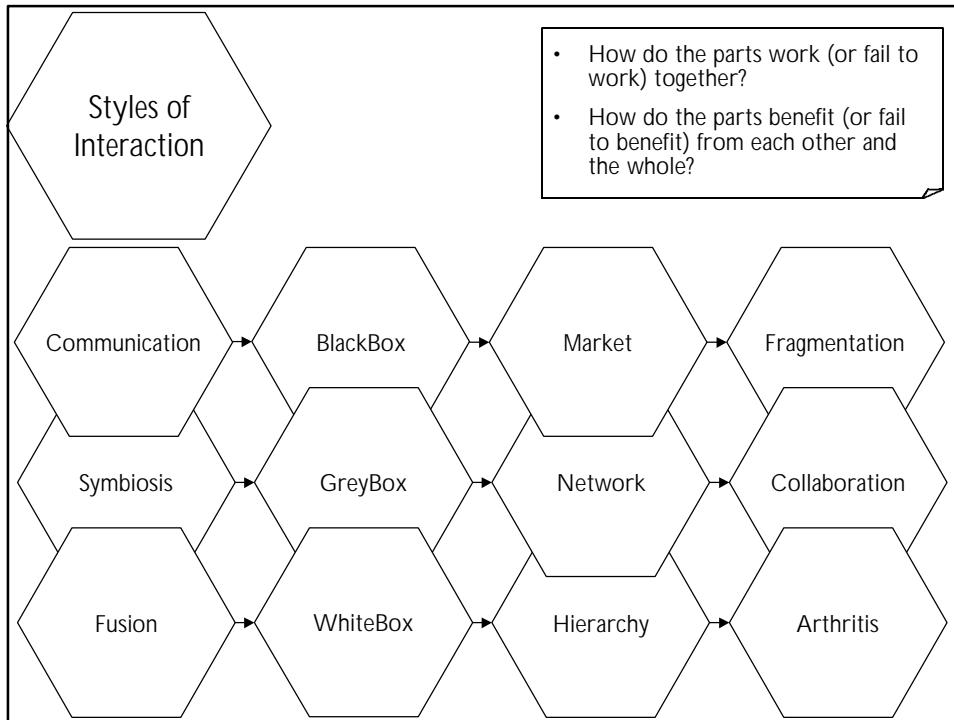
**Principles**

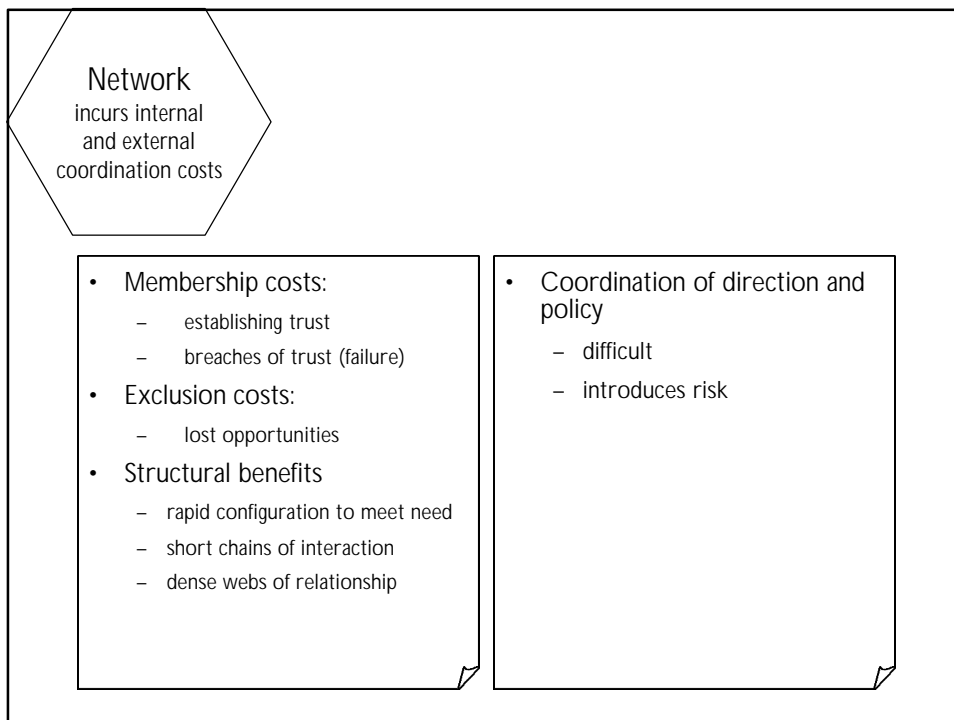
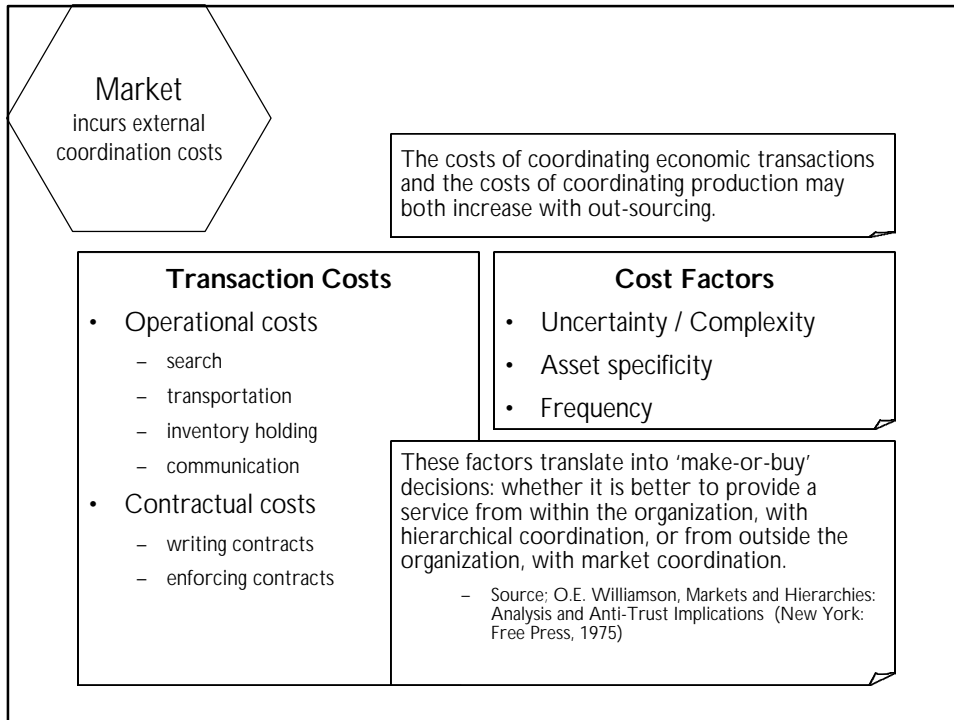
- People in a culture can be closely aligned with each other or very independent
- Business tasks can require close collaboration or simple standardised communication
- Alignment and collaboration can give cost advantages or represent an excessive overhead

**Key Questions**

- Why are there so many different ways of doing work?
- What patterns are there?
- What controls the patterns?

- Structure and Culture: Hierarchy, Market, Network, Clan
  - (note various alternative/ equivalent terms)
- Transaction costs, relationship costs
- Coordination Mechanisms
- Growth / Ageing Patterns
- Knowledge & Uncertainty
- Trust / checking





Examples

- Editor of news magazine wants picture from Kosovo.
  - sends staff photographer.
  - buys existing photo (from web-based library).
  - commissions freelance photographer.
- What are the advantages and disadvantages of each method?

- Electronic brokerage
  - NASDAQ system creates electronic market for over-the-counter stocks.
  - EasySabre airline reservation system
  - CommerceNet

Notes

- What are the key differences between hierarchy, market and network?
- What are the key differentiators?

- Write another example here.

**Coordination Mechanisms**  
(based on Mintzberg)

Pattern		Suitable for	
Mechanism	Organization Style	Environment	Task
Standardize Skills	Professional Bureaucracy	Stable and predictable	Complex
Standardize Procedures	Machine Bureaucracy		Simple
Standardize Norms (Indoctrination)	Missionary		Diverse
Standardize Inputs (Common Components)	Engineering Culture	Moderately Dynamic	Complex
Standardize Through Tools			Complex
Mutual Adjustment (Collaboration)	Adhocracy	Dynamic or unpredictable	Complex
Direct Supervision (Centralization)	Simple Structure		Simple
Standardize Outputs (Divisionalization)	Divisional Form	Multiple	Diverse

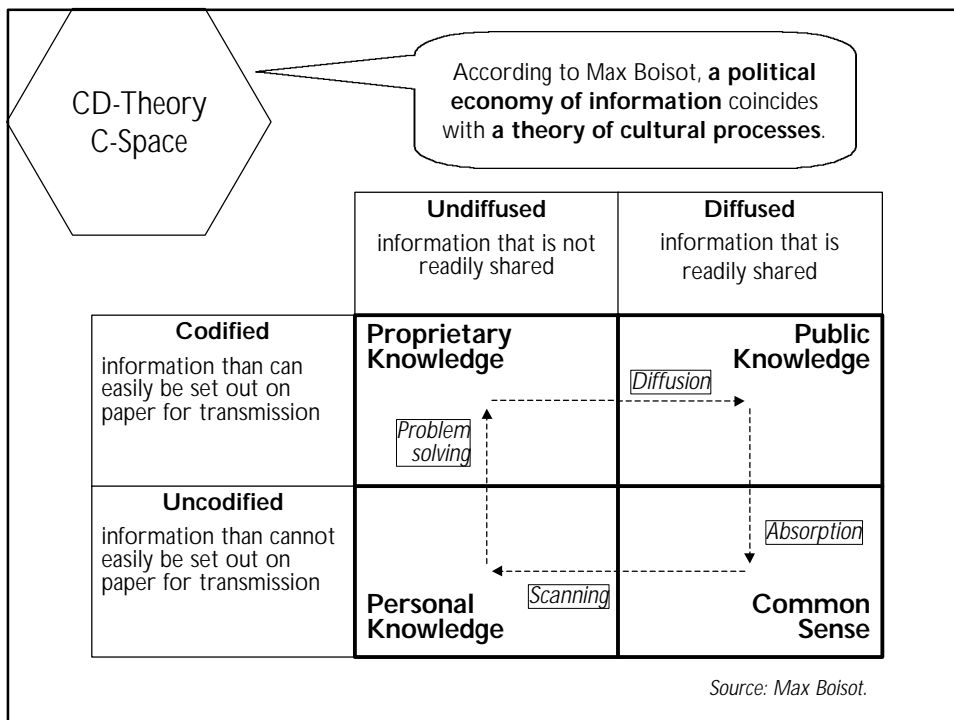
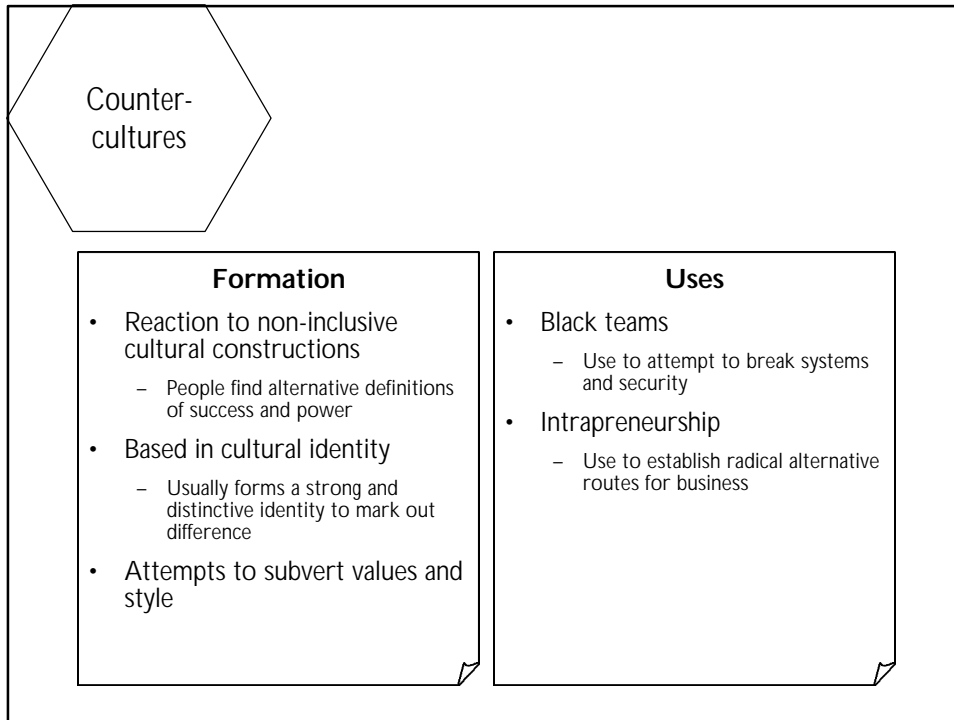
**Work cultures**

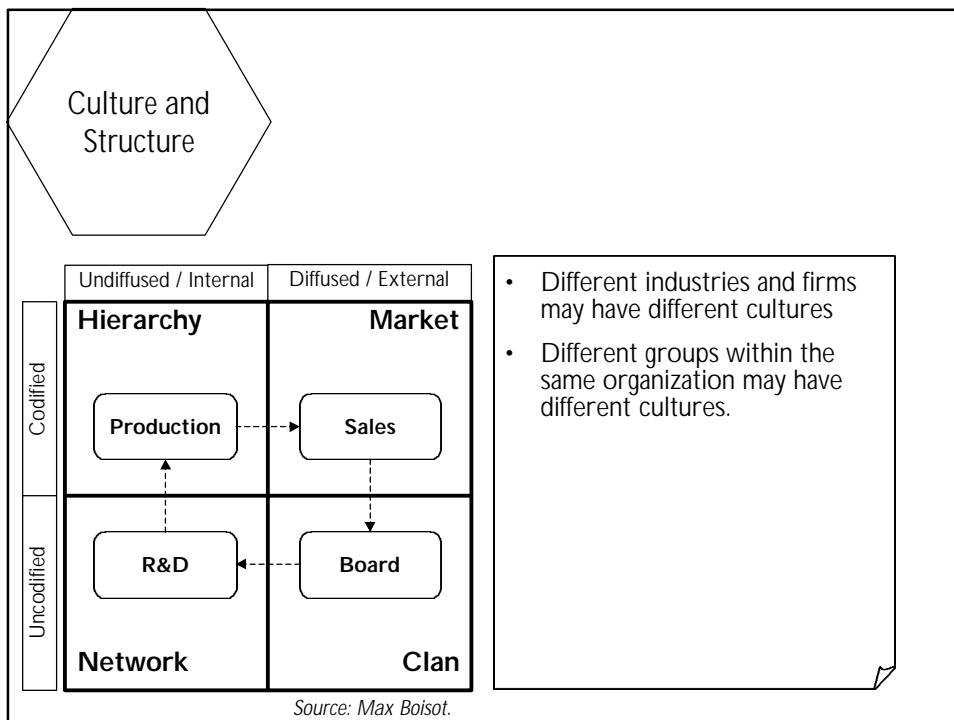
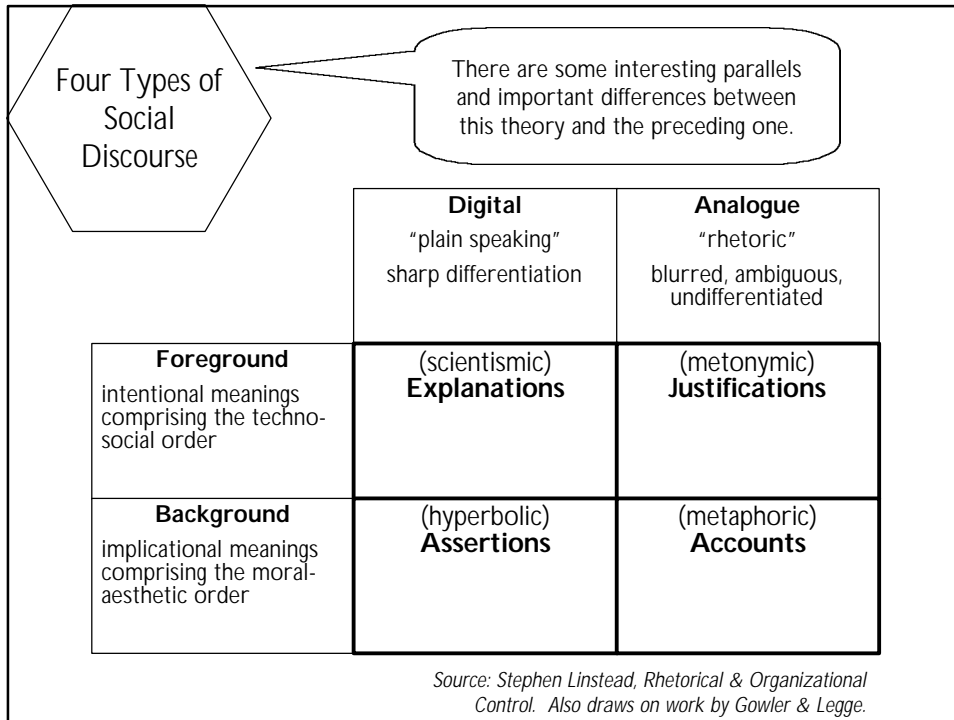
**Handy**

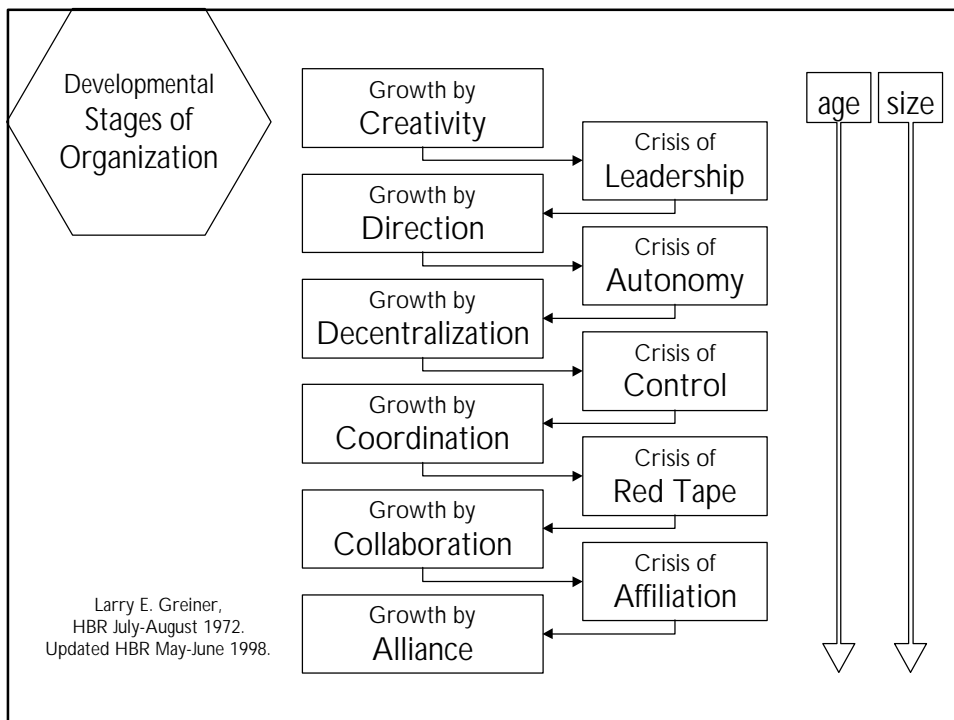
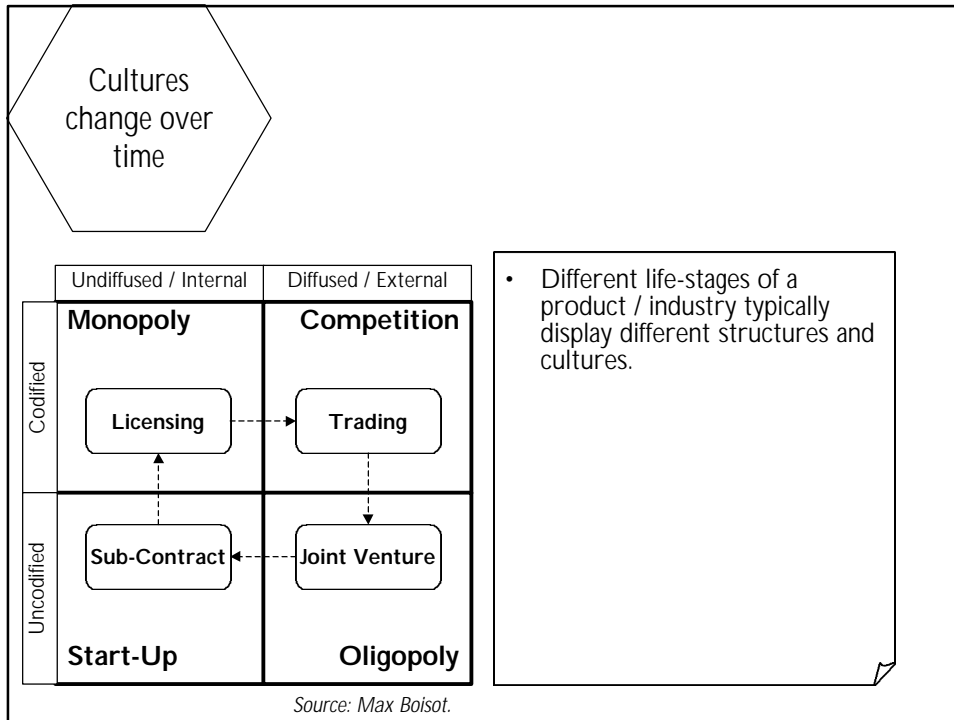
- Power culture
  - One person as a hub
- Role culture
  - Procedure and rule frameworks
- Task culture
  - Organisation contingent on work to be done
- Person culture
  - A range of dominant people according to circumstance

**Hofstede**

- Individualism - collectivism
  - Taking responsibility for oneself or for the group
- Power distance
  - Degree of authoritarianism, concentration of power
- Uncertainty avoidance
  - Use of policies, procedures and institutions to limit exposure to change
- Masculinity - femininity
  - Achievement or people focus









Development Crises

Larry E. Greiner,  
 HBR July-August 1972.  
 Updated HBR May-June 1998.

- **Leadership:** who will lead the company out of the confusion created by unbridled creativity and solve the managerial problems confronting it through creating formal business structures?
- **Autonomy:** how will lower-level employees be freed from cumbersome and centralized top-down hierarchy to make better use of their more direct knowledge about markets and technology?
- **Control:** how will top-level executives recover control over a highly decentralized organization as autonomous managers prefer to run their own shows without coordinating plans, money, technology, personnel etc?

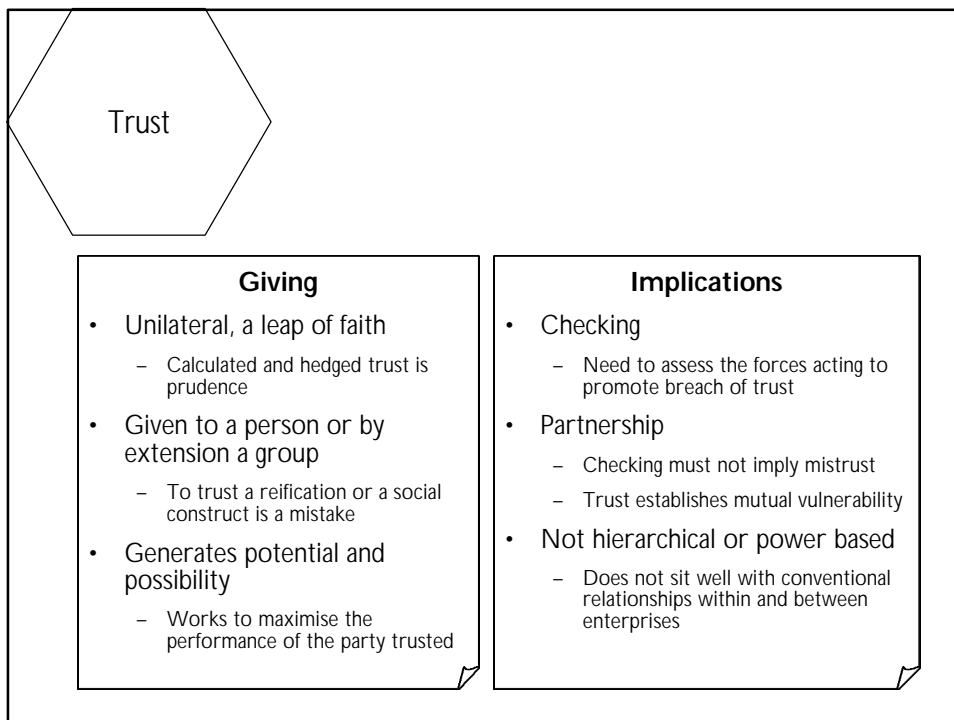
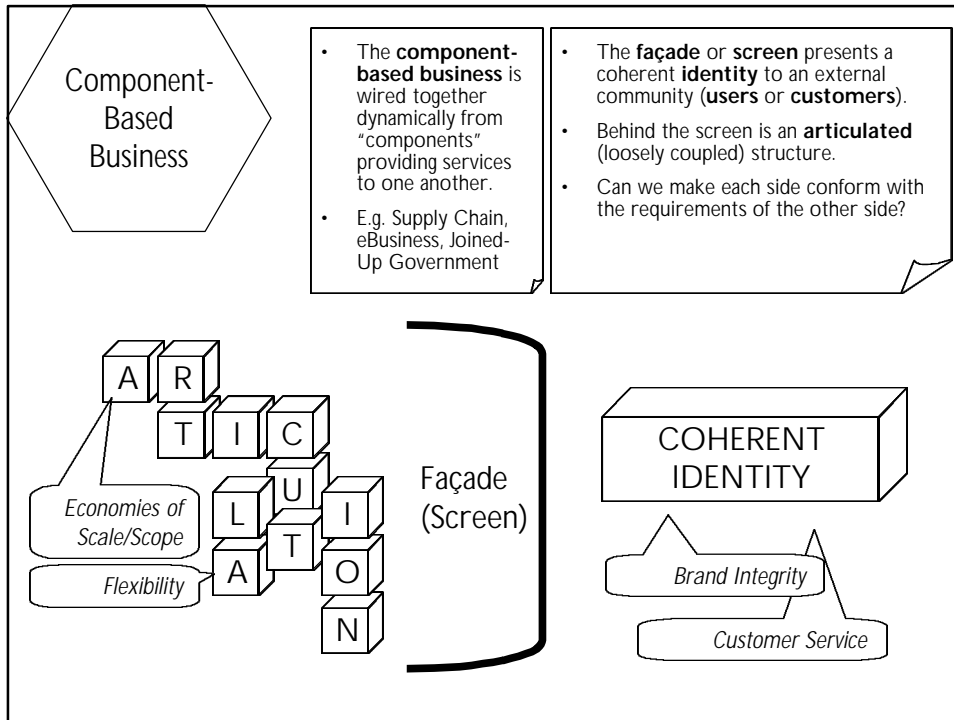
- **Red-tape:** how do both line and staff managers overcome the inappropriate aspects of the systems and procedures created to manage the enterprise as a whole, as they seek to respond to local conditions?
- **Affiliation:** how will the organization begin to look outside itself for partners and opportunities, as it realises that there is no internal solution, such as through new products, for stimulating its further growth?

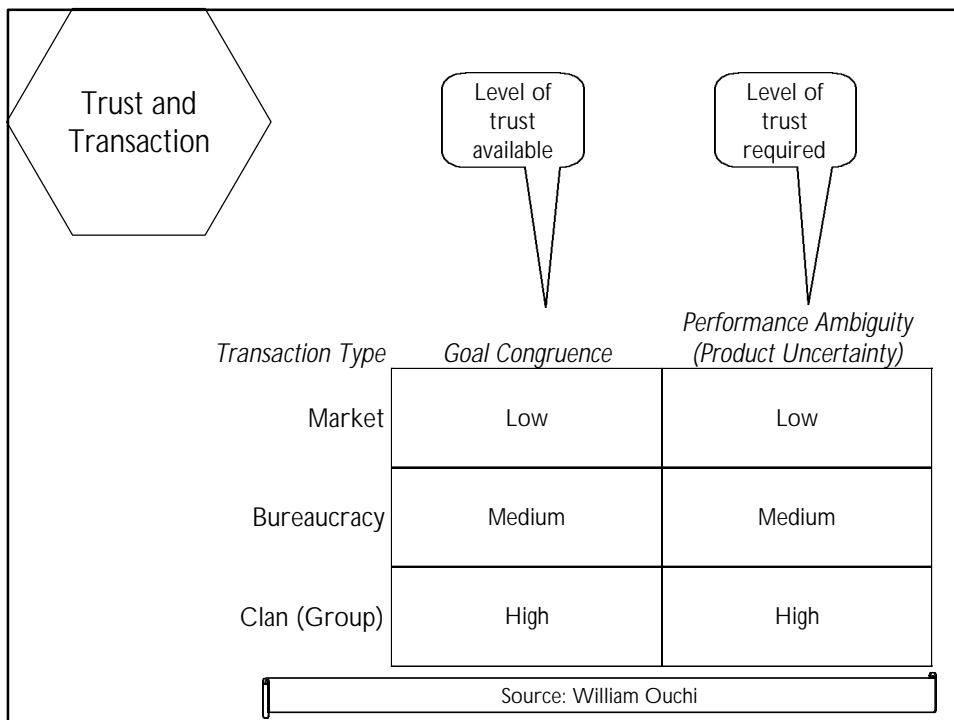
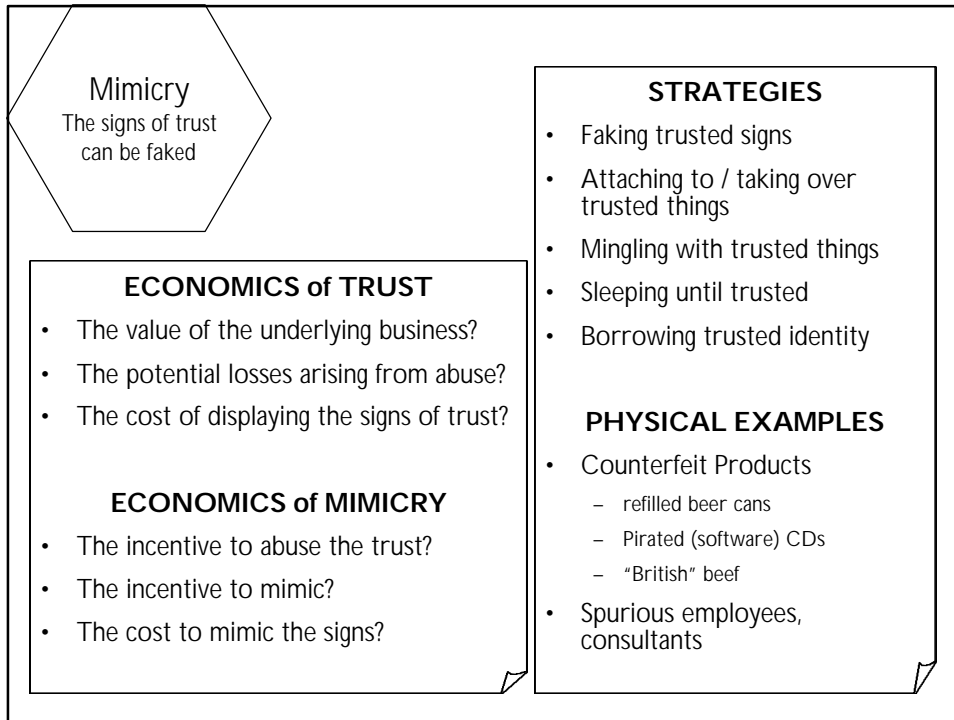
Bureaucracy

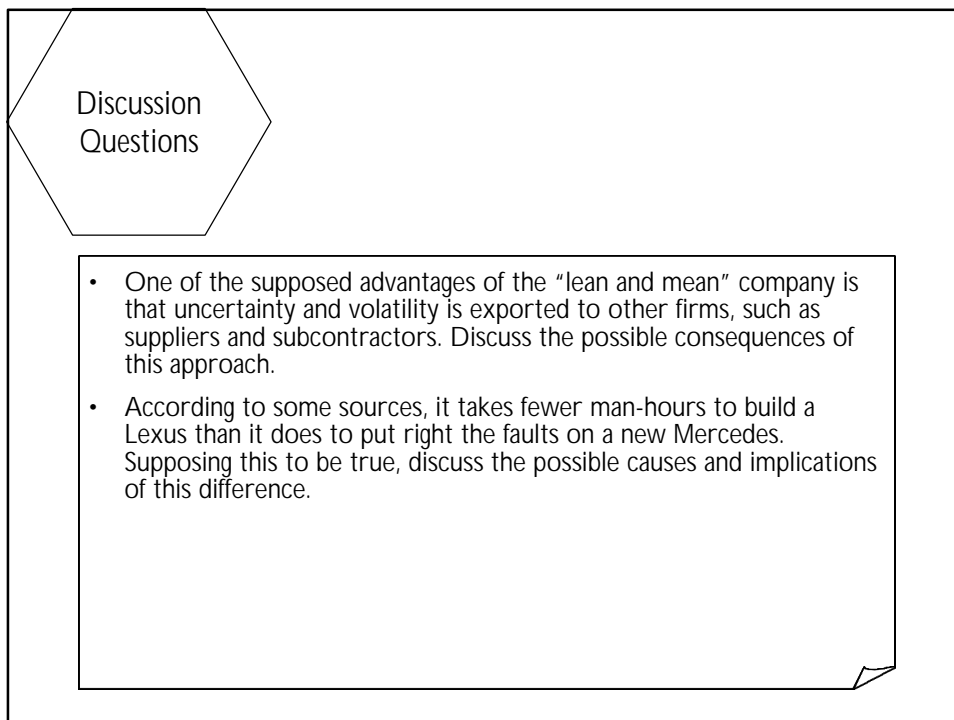
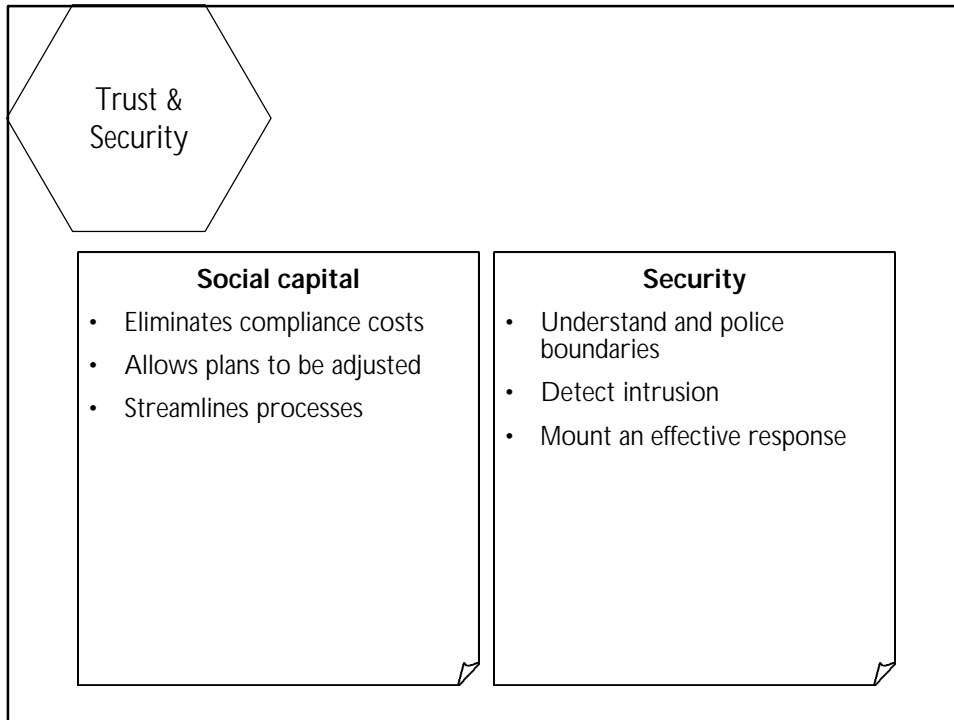
Source: Morgan, Images of Organization, pp 89 ff

- Inhibits Organization Learning
  - Bureaucratic approaches to organization impose fragmented structures of thought on their members
  - Bureaucratic approaches to accountability encourage employees to engage in defensive and deceptive practices
  - There is often a gap between what people say and what they do.

- Institutionalises Processes
  - People can undertake roles without understanding the purpose or context
  - Allows organizations to achieve goals without trusting individuals with key knowledge or skills
  - Can give standardised outputs where it is important to be even-handed in the treatment of customers and clients







Reading

Required	Suggested
<ul style="list-style-type: none"><li>• Hatch Ch 6,7</li><li>• Handy Ch 6, 7</li></ul>	<ul style="list-style-type: none"><li>• Max Boisot, <b>Information &amp; Organizations</b> (out of print)</li><li>• Henry Mintzberg, <b>The Structuring of Organizations</b> (Prentice Hall, 1979)</li><li>• Grahame Thompson et al (eds), <b>Markets, Hierarchies and Networks: The Coordination of Social Life</b> (Sage, 1991)</li><li>• Richard Veryard, <b>Component-Based Business: Plug and Play</b> (Springer, 2001)</li><li>• Robert Westwood &amp; Stephen Linstead (eds), <b>The Language of Organization</b> (Sage, 2001)</li><li>• O.E. Williamson, <b>Markets and Hierarchies: Analysis and Anti-Trust Implications</b> (New York: Free Press, 1975)</li></ul>