Networks and Organizational Forms

Pre-Bureaucratic Forms

- Family run
- Hiring through kinship connections
- Positions undefined
- Reporting to individuals rather than offices

Bureaucracy

- 19th century a new way of thinking about organizations had developed

- based on enlightenment, the age of reason, and the growth of protestant Christianity

- notion that it could be done better. Rationally. Based on principles.

Principles of Bureaucracy

- specification of jobs with detailed rights, obligations, responsibilities, scope of authority
- system of supervision and subordination
- unity of command
- extensive use of written documents
- training in job requirements and skills
- application of consistent and complete rules (company manual)
- assign work and hire personnel based on competence and experience
- Powerful benefits (organizational memory; rational allocation of resources & tasks; non-discrimination) lead to rapid diffusion and domination

What happened to bureaucracy?

- Powerful benefits (organizational memory; rational allocation of resources & tasks; non-discrimination) lead to rapid diffusion and domination

- Today associated with red-tape, slowness, coldly impersonal
  - Hierarchy is evil

The new ideal: "networked organizations"

- Flat (for speed)
  - Fewer levels
  - Workers empowered, self-managed etc.
  - Complex or non-existent reporting relationships
- Networked
  - Lateral communication
  - Cross-cutting, short-term teams
- Flexible (for nimbleness)
  - Few rules & procedures
  - Customized employee relationships
  - Lifetime employability, not lifetime employment
- Network recruiting
  - Hiring friends of employees

"New" Organizations

Dimension	Old	New
Structure/control	Hierarchy, designed, c&c	Network, emergent, self-managing
relationships	competitive	Cooperative
roles	Formal, fixed	Informal, organic
Decision making	rational	Intuitive, synthesizing
Management is	Done TO people	Done WITH people
Top Management	Sets direction, manages implementation	Creates enabling environment

Network Organizations

- Outsourcing plus
- Constellations of organizations that work together like a virtual organization
- Bonds of cooperation, friendship, between organizations
  - Toyota production system
- Business relations embedded in social ties
  - Social mechanisms for coordination