

The background of the cover features several stylized, light green leaf motifs scattered across a yellow-to-white gradient. These motifs are positioned at various angles and sizes, adding a naturalistic touch to the design.

NEW ORGANIZATIONAL DESIGNS

Information Aspects

Bob Travica

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New Organizational Designs: Information Aspects

by

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To my mother and my brother

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Bob Travica
Bloomington, Indiana
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Introduction

The century-long domination of the bureaucratic organization in U.S. business is being shaken. From Drucker's (1988) laconic acknowledgment of this thesis, to its more recent comprehensive treatments (e.g., Galbraith, 1995; Heckscher & Donnellon, 1994; Taylor & Van Every, 1993), a number of prominent authors have concurred that the days of the bureaucracy are numbered. Donnellon and Scully (1994) concur, arguing that the advantages of efficiency and control that the bureaucracy has historically exhibited are no longer paying off when product quality, short product time, and innovativeness are conditions for organizational survival. Not only is the bureaucracy incapable of responding to these new requirements, but it is hindering the effort to meet them. A new organization is therefore needed, argue the authors.

The 1980s and beyond have indeed exhibited significant organizational changes. A rapid development of information technology (IT) that builds on the coupling of computing and communications capabilities is one of them. Electronic mail, for example, was born out of the marriage between the text creation capabilities of word processors and the communication capabilities of computer networks. In a similar vein, computer communications capabilities were coupled with database technology to give rise to systems for supporting group work. IT developments were paralleled by other organizational changes. In a quest for higher quality production and a more efficient organization that would capitalize on new IT, reorganization of work has been carried out (Hammer, 1996; Hammer & Champy, 1993). In addition, middle management ranks have shrunk, in part due to the reporting capabilities of IT, which resulted in flatter organizational structures (Peters, 1987; Quinn, 1992). In no small measure were organizational missions, goals and strategies redesigned, typically emphasizing the increase in competitiveness and value for the customer (Hammel & Prahalad, 1994; Peters, 1992). New IT is sometimes brought into explicit relation with a strategic reorientation (e.g., Goldman, Nagel, & Preiss, 1995). Organizational cultures too were revamped. For example, the cultures that excelled in the 1970s (see Peters & Waterman, 1982) gave way to cultures that abandon the traditionally indispensable employee loyalty (Cushman & King, 1995), or to cultures extolling loosely defined work roles, and teamwork which can be supported by IT (Mankin, Cohen, & Bikson, 1996; Morgan, 1993).

All these changes might be related with the new organization that Drucker (1988) and other students of the nonbureaucratic organization talk about. Models of this organization, provided in various stages of maturation, are not in short supply. For example, Mintzberg (1979) developed the model of adhocracy, whose main characteristic is flux in work roles and other organizational aspects, as production requirements at hand demand. Miles and Snow (1986) proposed the concept of a network organization that comes into being through connecting firms specialized in particular organizational functions which exist in the typical departmentalized firm. Proposing a concept of the shamrock organization, Handy (1989) emphasizes the changing nature of the labor force, including a large segment of temporary specialist workers. Nohria and Berkley (1994) sketch the virtual organization, which can be a temporary coalition of members from different firms, dispersed in space and linked via the new IT. Quinn (1992) portrays the infinitely flat organization, with the intention to emphasize the trend of flattening organizational hierarchy and authority allocation to operational levels. Other authors propose summative properties of the new designs (Clegg, 1990; Fulk & DeSanctis, 1995; Galbraith & Lawler, 1993; Heydebrand, 1989). They, for example, agree that freer information flows and IT play an important role in these new designs, and portray structural changes in a similar way (e.g., decentralization, flattening of hierarchy, and informal networking).

New organizational designs can be viewed as descendants of the historical, nonbureaucratic blueprint—the organic form of Burns and Stalker (1961). The organic form puts professionals in charge of production, information, and communication, and breaks with the rigid vertical distribution of managerial control. The common denominators of these new designs are embodied, therefore, in a negation of the bureaucratic hierarchic control, narrowly-defined work roles, segmented information and knowledge flows and formalism, while providing alternative organizing principles, such as pushing the authority down the ladder, basing the organization of work on teams, and expanding exchanges of information and knowledge.

The coming of the new organization poses special challenges for information researchers. This organization is, first and foremost, based on information and knowledge. The technology needed for manipulating these is equally important. Moreover, not only is there a need for the management of these information resources (information, knowledge, and IT) to be called into question, but due attention has to be paid to structural, cultural, political, and other organizational dimensions that create the milieu for the information resources. The relevant literature, however, is lagging behind these requirements. The empirical literature, for example, exhibits a piecemeal character—individual variables and their relationships are studied rather than organizations taken as wholes. This piecemeal evidence includes, for example, relationships between IT and structural and cultural dimensions (e.g., Carter, 1984; Kerr & Hiltz, 1982; Markus, 1994; Olson & Bly, 1991; Wijnhoven & Wassenaar, 1990), and the place and importance of

information in production processes (e.g., Olson & Bly, 1991). This evidence establishes the breeding ground for further research, which is necessary for a more comprehensive understanding of new organizational designs. Many key aspects of these are still little understood.

Some necessary conditions for the existence of these new organizational designs enjoy agreement in the literature, such as smaller size (Carter, 1984; Galbraith & Lawler, 1993), more dynamic organizational environments (Burns & Stalker, 1961; Powell, 1990); others are controversial, such as the role of strategy (see Baker, 1992; Mintzberg & McHugh, 1985). Although normative prescriptions regarding the IT importance loom large (e.g., Benjamin & Morton, 1992; Fulk & DeSanctis, 1995; Handy, 1989; Morgan, 1993; Rockart & Short, 1991), they remain speculative without provision of appropriate evidence. The literature is inconclusive as to whether IT is a fundamental pillar, a buttress, a lintel, or even just a design ornament resulting from organizational mimicry. Confusion, furthermore, lurks in the light of common experience that nonbureaucratic organizations can exist with a small use of IT (e.g., small start-ups), while bureaucracies can have abundant IT (e.g., military organizations). The lack of holistic studies, furthermore, prevents one from differentiating at a large picture-level between the new designs and their antipode—the bureaucracy, which also can be based on information, knowledge and IT. Differentiation between the information aspects of the two antithetical organizational designs has therefore to be called into question. This is even more urgent provided that the bureaucracy is far from being at the fringe of history, nor is it stripped from accolades (e.g., Ashkenas, Urlich, Jick, & Kerr, 1995; Jaques, 1989).

Given our meager knowledge of the information aspects of the new organizational designs, the study presented in this book (“the present study” will often be used to refer to it) intended to contribute to both the normative and empirical domain of these designs. It specifically studied information and concomitant aspects of nonbureaucratic organizational designs. In pursuit of this, the study (1) proposed a model of a nonbureaucratic organizational design, called the nontraditional organization; and (2) conducted a preliminary empirical test of this model on the sample of offices from the most advanced part of the public accounting industry. (This test is considered preliminary, because the study was limited with regard to sample size and the cross-sectional character.)

The organizational world today has been characterized in various terms—turmoil, chaos, the age of paradox and unreason, to name the few. Common to all these characterizations is that the conventional wisdom fails in responding to novel challenges. This age can also be likened to a storm on the sea; it brings up things we have never seen before, and renders a new aura onto the things we know, or at least we believe we do. What is seen for the first time arouses surprise. But perhaps even a greater surprise occurs when new realization comes from looking at what was considered to be known. To paraphrase Marcel Proust, in order to see new landscapes, you may need to change the glasses. This book is