Organizational Structure for the Twenty-first Century

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Introduction

- The business firm is no longer just a place where people come to work. For most of the people, the firm confers on them that sense of belonging and identity - the firm has become their “village”, their community.

- The business firm of the twenty-first century is not just a hierarchy which ensures maximum efficiency and profit; it is also the community where people belong and grow together - where their affective and innovative needs are met.
Introduction

Conceptual Paper

Objectives:

- Working towards a theory of organizational structure development: EMWSO framework
- Working towards a holistic perspective for considering organizational structure: Hierarchy-Community Phenotype Model
What are the factors that affect the development of the Organizational Structure in the 21st Century?

- A. Existing Theories
- B. Historical perspective of organizational structure development
A. Existing Theory: Organizational Structures

- **Hierarchical, mechanistic, bureaucratic**
  (Weber, 1947; 1948; Burns & Stalker, 1961; Hlavacek and Thompson, 1973)
  - High formalization
  - High centralization

- **Community, organic, flat, relational**
  (Stacey, 1974; Tonnies, 1974; Judge et al., 1997; Mintzberg, 2009)
  - Low formalization
  - Low centralization

- **In betweens**
  **Structural ambidexterity**
  (Raisch & Birkinshaw, 2008)
1. Contingency Theory of Organizational Structure

(Woodward, 1958; Burns & Stalker, 1961; Lawrence & Lorsch, 1967)
2. Population Ecology Model

(Hannan & Freeman, 1977; Pfeffer & Salancik, 1978; Aldrich, 1979)
Existing Theories of Organizational Structure Development


- Decision-makers’ strategic choice
- Structure
Existing Theories of Organizational Structure Development


(Chandler, 1962)
Existing Theories of Organizational Structure Development

5. Political Theory
(March, 1962; Child, 1972; Eisenhardt & Zbaracki, 1992; Hickson et al., 1971; Salancik & Pfeffer, 1974; Walsh et al., 1981)

6. Collective Action View
(Cook, 1977)
B. Historical Perspective of Organizational Structure

- **Small business**
  - Simple structure

- **Large business (industrialization)**
  - Hierarchical structure

Why did large organizations adopt the Hierarchical Structure?

1. Learn from the only large organization they are familiar with
   - Military (Weber, 1948; Hobsbawn, 1975)

2. The thinking of the day
   - Scientific (Bernal, 1969; Eldridge, 1971)
Why did large organizations adopt the Hierarchical Structure?

3. The management had more power than the workers (Aron, 1976; Clegg & Dunkerley, 1980), and they chose these performance outcomes,
   - Efficiency (cost, speed and dependability, quality), leading to maximum profit

4. The consumers did not have much say at that time (Sloan, 1986)
Changes in the Twenty-first Century

1. Experience with different organizational structures for large organizations
   - Hierarchical
   - Community
   - In-betweens and mixed

2. The thinking of the day
   - Post-modernism (Bell, 1973; Lyotard, 1992; Murray, 1989)
   - Workers’ affective fulfilment is important (Gersick et al., 2000; Heaphy & Dutton, 2008; Dutton et al., 2010; Seo et al., 2004; Roberts et al., 2005)
   - Innovation is important (Abbey & Dickson, 1993; Boyer & Durand, 1997; He & Wong, 2004; Gupta et al., 2006)
3. The management and the workers share power (Bottomore & Rubel 1965; Mayo, 1949; Pugh, 1990; Stewart, 1999), and they are choosing these desired performance outcomes, which are also expected by the customers (Boyer & Durand, 1997),

- Efficiency (cost, speed and dependability, quality)
- Flexibility, innovative
- Workers’ affective fulfilment
The Proposed Theory of Organizational Structure Development: EMWSO framework

- Environment, including customers’ expectations
- Management’s strategy and behavior
- Workers’ strategy and behavior
- Complexity and uncertainty of the environment, which includes its technology
The Proposed Model of Organizational Structure: Hierarchy-Community Phenotype Model

- Everyone within the organization contributes to the organizational structure.

Existing Theory
- Political Theory
- Collective-Action View

Yes, everyone within the organization contributes to the organizational structure.
The Organizational Structure Development Characteristics

- The organizational structure of each firm is very much dependent on the expression of the strategies and behavior of the management and the workers as constrained by the power distribution between them, and influenced by their environment and the outcome.

- It will not be a particular structure that is prevalent in the 21st Century (such as the bureaucratic structure in the previous era).

- The organizational structure is unique to every firm.
Contributions

1. A theory of organizational structure development that takes into consideration the effect of the distribution of power between the management and the workers
   - **EMWSO framework**

2. A holistic perspective for considering the organizational structure
   - **Hierarchy-Community Phenotype Model**
Implications for Practice

1. Management has to put more effort in understanding the community participation of employees within the Hierarchy-Community Model, and see if they are able to influence their contributions towards the organization’s performance objectives of innovative and affective.

2. Management trying to influence organizational structure development has to take a micro view and consider the hierarchical and community participation of the employees.
Future Research

1. To use the Hierarchy-Community Model as a starting point for exploring how communities within organizations contribute to the organization’s objectives (esp. innovative and affective).

2. To explore how management can influence community activities in order to increase their contributions to the organizations’ innovative and affective performance.

3. To explore how management can make changes to the organizational structure by influencing the hierarchical and community participation of employees.
References


References

References

Thank you

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