

Organizations as Organisms

Informatics 162W

January 30, 2013

Midterm

What did you think?
Questions?

- Two parts
 - Organizations as machines
 - Qualitative methods
- Mix of question types
 - Short answer
 - Fill in the blank
 - Multiple choice

Okay back to our metaphors

- machine metaphor
 - regulation, repeatability, standardization, etc
- now focus on the organism metaphor
 - internal differentiation and integration
 - the organism and its environment
- behavior affected by ecological factors
- interaction with others

Biology

- Source of ideas for thinking about an organization
- A kind of organizational theory
 - Molecules = ?
 - Cells = ?
 - Complex organisms = ?
 - Species = ?
 - Ecology = ?

A revolutionary idea

- People work best when motivated by their tasks
- Motivation hinges on allowing people to achieve rewards that meet their needs

Sociotechnical Systems

- Tavistock Institute in the 1950s
- Technical systems
 - Organizational structure
 - Job design
 - Technologies
- Social systems
 - Culture
 - Politics
 - Group dynamics

Open Systems Approach

- Privileges relationships with the environment
- Includes considerations for interrelated subsystems
 - Intra and Inter organizational relationships
 - Business processes
- Alignments and dysfunctions between different systems

Contingency Theory

- Dominant perspective in modern organizational analysis
- Organic v. Mechanistic approaches
 - Burns and Stalker 1950s
 - Open and flexible styles of management work best during times of change
- Matrix forms of organizations

Technologies in Contingency Theory

- Joan Woodward in 1950s and 1960s
- Bureaucratic-mechanistic organizations are best for firms employing mass production technologies
- Firms with unit/small-batch, or process systems do better with organic organizations

Modern Contingency Theory

- Lawrence & Lorsch
- Balance between strategy, structure, technology, commitments and needs of people, and the environment
- Different types of orgs needed for different market and technological conditions
- Uncertain/turbulent environments require
 - More internal differentiation
 - More creative modes of integration

Five “Species” of Organization

- machine bureaucracy
- divisionalized form
- professional bureaucracy
- simple structure
- adhocracy

Key Questions to Improve Organizations

- What is the nature of the environment?
- What kind of strategy is being employed?
- What kind of technology is being used?
- What kinds of people are employed?
- How is the organization structured/managed?

Population-Ecology View of Organizations

- More emphasis on the force of the environment in organizational survival
- Cyclical model of
 - Variation
 - Selection
 - Retention
 - Modification



An Economic View of Competition

- economics is about the allocation of scarce resources amongst possible uses
- collective effects achieved through individual behavior
 - individual people
 - individual organizations
- the “rational actor”
 - consider alternatives
 - maximize payoff

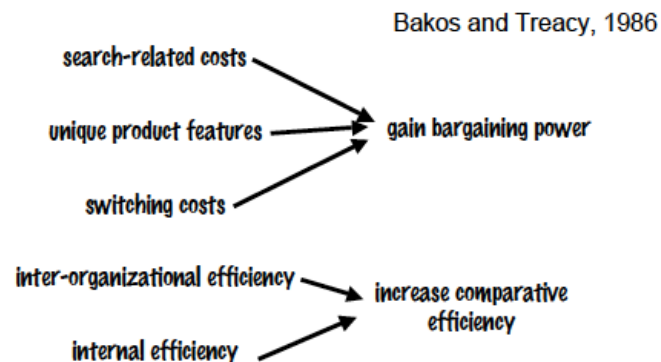
Competitive Strategies

- you create and sell software development environments (like Eclipse).
- you have a number of competitors making similar tools
- how are you going to compete?
- what, specifically, will you do?

Break into pairs or threes and discuss for 10 minutes

Information Systems that Support Competition

- Improve organizational efficiency
- Improve bargaining power



Bargaining Power

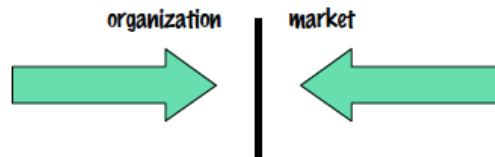
- the ability of one partner to control the outcome of an interaction
 - e.g. I have more power than you to control the outcome of any bargain we strike over grades
- can work in either direction, producer/consumer
 - producer holds more bargaining power
 - e.g., when product search costs are high
 - hard to discover alternatives
 - customer can also use the same factors
 - e.g., may be hard to find a good customer
 - e.g., producer can also suffer switching costs

Two Aspects of Efficiency

- Internal
 - return to the machine metaphor
 - measuring and regulating organizational function
 - e.g., through workflow and process technology
- Inter-organizational
 - how and why organizations partner and interact
 - transaction cost model

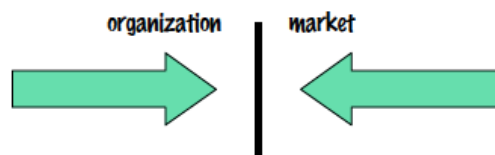
Transaction Costs and Organizational Size

- carry out activities where they make sense
 - wherever the costs are lower
 - e.g., as a fast food manufacturer, is it cheaper for me to ship my own supplies or to get someone else to do it?
- factors include
 - specialization
 - diversity
 - information
 - transmission



Transaction Costs and Organizational Size

- the usual argument
 - “friction-free” internet commerce reduces
 - transaction costs
 - so, we move to “virtual organizations”
- the more subtle argument
 - IT reduces organization costs too...



Inertia

- Organizations can't always change
 - Big plants already built are too hard to retrofit
 - Unions may prevent retraining, redeploying, and/or rehiring
 - Barriers to entry may prevent shift into new industry
- Whole industries or types of organizations can disappear

Pros and Cons of Population-Ecology View

New Insights:

- Resource limitations shape growth, development, and decline of organizations
- Successful innovations shape new species of organization

But:

- May be too deterministic
- Offers a one-sided view of evolution

Organizational Ecology

- Organizations are part of a complex ecosystem
- It is the pattern of relationships between organisms and their environments that evolves, not the individual organizations
- Focus on collaboration not just competition

Strengths of the Organism Metaphor

- Understanding of relationships between organizations and their environments
- Survival as a process rather than an end point
- View of organizations that encourages balance and shows that varieties of “species” are possible
- Organic organizations lead to innovation
- Changed both research and corporate strategy
- Helps reexamine role of interorganizational relationships

Limitations of Organism Metaphor

- Views organizations very concretely
- Requires “functional utility”
 - “healthy” organizations have people who all work together towards a common purpose

Problem with metaphors in general: becoming ideology

- Organizations *should* work like machines
 - Efficiency and productivity keys
 - Any “irrational” thought becomes aberration
- Organizations *should* work like organisms
 - Integrating organizational and individual goals
 - Encourages us to forget that human beings can be *humane*

Upcoming

- Friday: Discussion
 - First critique
- Monday: Qualitative analysis
- Wednesday: Organizations as cultures
- Your fieldwork:
 - Choose 2 or 3 things from your previous observation session that were really interesting.
 - Go back to your site and take field notes on JUST those issues/activities/phenomena