Understanding and Managing Public Organizations

Chapter 8

Organizational Structure, Design, Technology, Information Technology, and Social Media

Examples of Organizational Reforms

- IRS
  - Moved to a customer-focused design in 2000 and 2001
  - Four new operating divisions:
    - Wage and investment division
    - A small business and self-employed division
    - Large and medium-sized business division
    - Tax exempt division
- Brookhaven National Labs (government owned, contractor operated)
  - Reform in the wake of controversy about potentially cancer-causing leakage
  - Reorganized “directorates” with new focus on administrative controls

Do Public Organizations Have Distinctive Characteristics?

- Economic genre typified by Downs's (1967) "law of hierarchy." Government bureaucracies have more elaborate centralized hierarchies compared to firms with "economic outputs."

- Mainstream organization theory: size, environmental complexity, technology, and other factors are more important influences on structure than public or private status.

The Development of Research on Structure

- Reforms throughout history acknowledge link between politics and organization structure.
  - Kennedy keeping Peace Corp outside control of State Dept.
  - Johnson keeping youth employment training programs outside control of the Dept. of Labor

- This is consistent with early writings linking efficiency to bureaucratic autonomy and neutrality (dichotomy).
  - Empirical studies in the 1960s and 1970s sought to define and measure structural concepts. These led to typical versions of contingency perspective.
  - 1980s and 1990s continued in similar direction: moving away from bureaucratized mechanistic structure to more flexible organic forms.

The Development of Research on Structure

- Reforms continued:
  - Public sector continued to follow lead of private sector in reforms.
  - National performance review significantly reduced federal workforce and also ordered 50% reduction in agency rules. Winter Commission proposed revitalization of state and local public service and also proposed reduction in rules and more decentralization.
  - Other efforts called for “flattening the bureaucracy” by removing middle layers.
  - Bush’s President’s Management Agenda emphasized e-government and competitive outsourcing to make agencies more flexible and adaptive.

Structural Dimensions and Influences

- Defining and measuring structure and complicated tasks
  - Many ways to measure features: objectively (counting rules) and subjectively (asking people how strictly they follow rules)
  - Organizational structures are complex, with different units sometimes having different structures.

Dimensions of Structure

- Different conceptualizations of what constitutes a structural measure:
    - Size
    - Centralization
    - Configuration
    - Specialization
    - Interdependence of subsystems
    - Standardization of procedures
    - Complexity
    - Red tape
    - Administrative burdens

Influences on Structure

- Research about influences on structural dimensions indicates that:
  - Larger organizations tend to be more structurally complex (Kalleberg, Knoke, Marsden, and Spaeth)
  - Larger organizations tend to have less administrative overhead (Parkinson)
  - Environmental turbulence and complexity may be important boundary conditions for the advantages of such centralization (Siggelkow and Rivkin).

Influences on Structure

- Research by Sanjay Pandey and his associates find several negative impacts of red tape on organizational performance:
  - Reduced services to clients
  - Role ambiguity
  - Managerial alienation
  - Lower morale

Organizational Design

- Work on contingency theory in the generic tradition offers guidelines for redesigning organization structures.
- Design strategies
- Mintzberg's synthesis
- Design parameters
- Types of organizational structures

Design Strategies

- Jay Galbraith (1977) proposed a set of techniques for designing and coordinating activities based on information processing.
- The problem: when companies grow, the level of uncertainty grows. More uncertainty means more information is needed to make decisions.
- Galbraith defines uncertainty as the gap between the information that is required and the information that is possessed by the organization.
- Uncertainty is the consequence of three problems:
  - Diversity of goals
  - Level of goal performance
  - Division of labor
- One way to deal with uncertainty is to gather more information.
- The fix: mechanisms of organization, communication, and coordination that create interdependency and reduce uncertainty.
- The overall goal is to facilitate the decision-making process.

Mintzberg's Synthesis

- Seminal summary of structural alternatives that managers can pursue.
  1. Operating core
  2. Strategic apex
  3. Middle line
  4. Technostructure
  5. Support staff

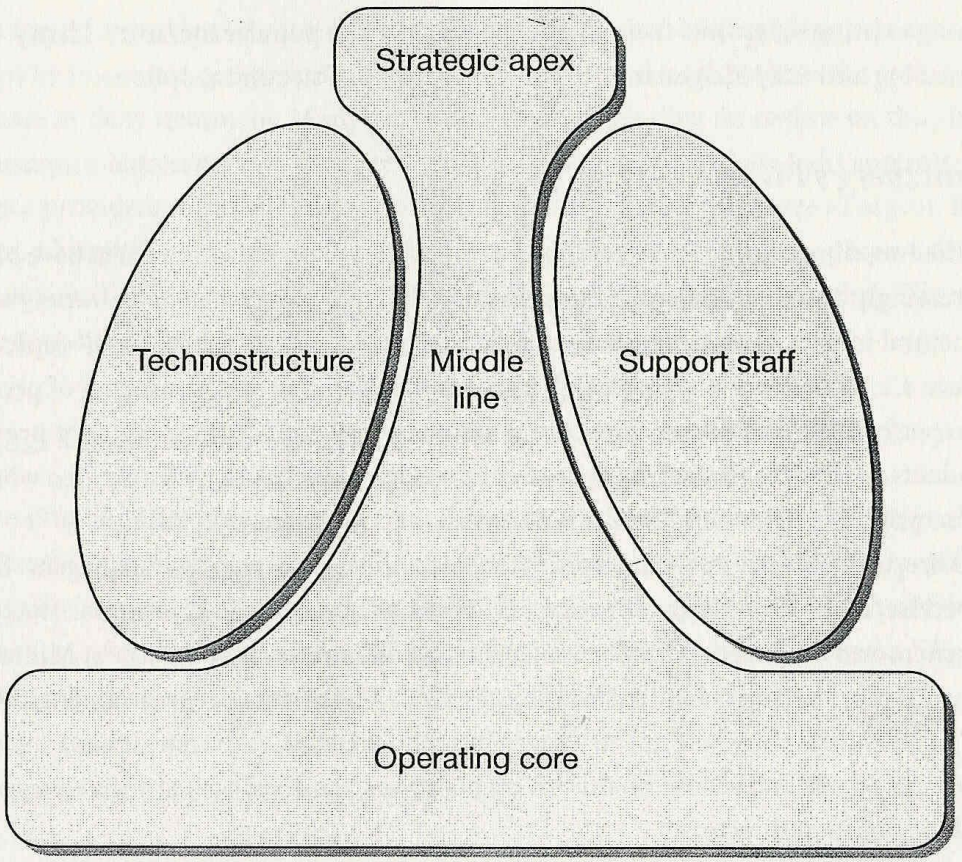


FIGURE 4.1. Mintzberg's Model.
Source: Mintzberg (1979), p. 20. Copyright ©1979. Reprinted by permission of Prentice Hall, Upper Saddle River, N.J.

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Summing Up the Various Modes for Coordinating Activities

- Hierarchy of authority
- Plans and goals
- Spans of control
- Slack resources
- Environmental management
- Self-contained tasks
- Vertical information systems
- Lateral relations
- E-coordination
- Reconfigurable
- Virtual corporations

Mintzberg's Synthesis

- Mintzberg synthesized organizational design literature into five ideal organizational forms or configurations that do not exist in the real world but provide consultants and managers a framework to understand and design organizational structures.

Mintzberg

- Mintzberg defined organizational structure as “the sum total of the ways in which it divides its labor into distinct tasks and then achieves coordination among them.”

- Each configuration contains six components:
  1. Operating core: people directly related to service/product production
  2. Strategic apex: serves needs of people who control the organization
  3. Middle line: managers who connect the strategic apex with operating core
  4. Technostructure: analysts who design, plan, train the operating core
  5. Support staff: specialists who provide support to the organization outside of cores activities
  6. Ideology: the traditions and beliefs that make the organization unique

Mintzberg

- The components are linked by four flows:
  - Authority
  - Work material
  - Information
  - Decision processes

Mintzberg

- The organization's structure depends on:
  - The organization itself
  - Its members
  - The distribution of power
  - The environment
  - The technical system

Mintzberg

- Design decisions can be grouped into the following:

  - Design of positions

  - Design of superstructure

  - Design of lateral linkages

  - Design of decision-making system through decentralization

Mintzberg

- Mintzberg used components, flows, work constellations, and coordination mechanisms to define five configurations:

1. **Simple structure:** Entrepreneurial setting; relies on direct supervision from the strategic apex; new small government agencies
2. **Machine bureaucracy:** Large organizations; relies on standardization of work processes by the techno-structure; agencies with political oversight
3. **Professional bureaucracy:** The professional services firm; relies on the standardization of skills and knowledge in the operating core.
4. **Divisionalized form:** Multidivisional organization; relies on standardization of outputs; middle-line managers run independent divisions.
5. **Adhocracy:** Project organizations; highly organic structure with little formalization; relies on mutual adjustment as the key coordinating mechanism within and between these project teams (e.g., NASA)

Environmental Stability

Environmental Complexity	Stable	Dynamic
Complex	PROFESSIONAL BUREAUCRACY Decentralized; bureaucratic; standardized skills	ADHOCRACY Decentralized; organic; mutual adjustment
Simple	MACHINE BUREAUCRACY Centralized; bureaucratic; standardized work processes; direct supervision from strong strategic apex (new agencies, start-up entrepreneurial companies)	SIMPLE STRUCTURE Centralized; organic; direct supervision

From Mintzberg's Four Organization Types

Types of Organizational Structures

- Functional structures
  - Organized according to major functions (marketing, R&D)

- Product and hybrid structures
  - Separate divisions for each product line
  - Major product divisions with some functional units (accounting) are hybrid.

Types of Organizational Structures

- Matrix designs
  - People with similar skills are pooled for work assignments. For example, all engineers may be in one engineering department and report to an engineering manager, but these same engineers may be assigned to different projects and report to a project manager while working on that project. Therefore, each engineer may have to work under several managers to get his or her job done.

Types of Organizational Structures

- Market and customer
  - Focused designs, orientation toward groups of customers
- Geographical designs
  - Bases of operation by region, part of world
- Process structures
  - Organized around process such as new development
- HOLOCRACY
  - “The no-structure structure” autonomous self-reliant units, for example, Zappos

Organizational Structures in Public Organizations

- Are there structural distinctions based on sector?

- Evidence is mixed. A few examples:
  - Pugh, Hickson, and Hinings (1969) found authority more concentrated at the top in public organizations; no difference in structuring of activities.
  - Bozeman and Loveless (1987) found differences in public sector R&D.
  - Kurland and Egan (1999) found little difference in employees' perceptions regarding levels of formalization about their jobs and communications.

The Macrostructure of Public Organizations

- Macrostructure of public organizations is complex.

- Structure within public organizations is not easily separated from structure outside.
  - Internal structures are attributes of our government (separation of powers, checks and balances, etc.).

- Major institutional attributes may differ depending on such factors as constitutional requirements.

Summing Up the Literature on Structure

- Structure is multidimensional.

- Both types of organizations vary widely on different structural dimensions, which is often related to conditions such as size, strategy, technology, tasks, and environmental uncertainty.

- Too simplistic to generalize on the basis of sector (e.g., all public organizations subject to more red tape)
  - There is evidence that higher levels of complexity, centralization, and formalization correspond to public organizations, due mainly to outside influences and values associated with the democratic process.

Information Technology and Public Organizations: What Do We Know?

- IT trend from *mass production* to *mass customization, which is reflected in use of :*
    - Computer-aided design (CAD)
    - Computer-integrated manufacturing
    - Management of information systems (MIS)
    - Geographic information systems (GIS)
    - Executive information systems

- Findings are conflicting on the general use, pervasiveness, and effects of IT in the public sector as compared to the private sector.

- IT undoubtedly provides opportunities for improvements in the delivery of public services.

Social Media and Public Management

- Social media, such as Facebook, Twitter, wikis, and blogs, add new dimensions to the already widespread use of websites, e-mail, and other media.
- Can be effectively leveraged to support higher levels of interaction and information sharing between governments and their clients, stakeholders, and citizens.
- Public can participate in problem-solving.
  - Example: public help in finding men who planted explosives at Boston Marathon
  - Spreading the word about civil protests

Social Media and Public Management

- Social media has also brought new challenges.
  - Who gets to participate in social media? Is it more accessible for advantaged groups and individuals?
  - Trolls spread “selected information.”

Framework for Understanding Government Use of Social Media.

- Three-stage adoption process by Mergel and Bretschneider (2012) provides a valuable perspective for understanding the challenges social media of and addressing them:
    1. First stage: *Intrapreneurship and experimentation*
    2. Second stage: *Constructive chaos*
    3. Third stage: *Institutionalization*