



Organizational Theory, Design, and Change

Seventh Edition

Gareth R. Jones

ALWAYS LEARNING

PEARSON

Organizational Theory, Design, and Change

SEVENTH EDITION
GLOBAL EDITION

Gareth R. Jones
Texas A&M University

PEARSON

Boston Columbus Indianapolis New York San Francisco Upper Saddle River
Amsterdam Cape Town Dubai London Madrid Milan Munich Paris Montréal Toronto
Delhi Mexico City Sao Paulo Sydney Hong Kong Seoul Singapore Taipei Tokyo

Organizational Theory, Design and Change, Global Edition

Table of Contents

Cover

Contents

Preface

Part 1 The Organization and Its Environment

Chapter 1 Organizations and Organizational Effectiveness

What Is an Organization?

How Does an Organization Create Value?

Why Do Organizations Exist?

To Increase Specialization and the Division of Labor

To Use Large-Scale Technology

To Manage the Organizational Environment

To Economize on Transaction Costs

To Exert Power and Control

Organizational Theory, Design, and Change

Organizational Structure

Organizational Culture

Organizational Design and Change

The Importance of Organizational Design and Change

Dealing with Contingencies

Gaining Competitive Advantage

Managing Diversity

The Consequences of Poor Organizational Design

How Do Managers Measure Organizational Effectiveness?

The External Resource Approach: Control

The Internal Systems Approach: Innovation

The Technical Approach: Efficiency

Measuring Effectiveness: Organizational Goals

The Plan of This Book

Organizational Design

Organizational Change

Summary

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

Table of Contents

Open Systems Dynamics
The Ethical Dimension #1
Making the Connection #1
Analyzing the Organization: Design Module #1
Assignment

Chapter 2 Stakeholders, Managers, and Ethics

Organizational Stakeholders

Inside Stakeholders
Outside Stakeholders

Organizational Effectiveness: Satisfying Stakeholders' Goals and Interests

Competing Goals
Allocating Rewards

Top Managers and Organizational Authority

The Chief Executive Officer
The Top-Management Team
Other Managers

An Agency Theory Perspective

The Moral Hazard Problem
Solving the Agency Problem

Top Managers and Organizational Ethics

Ethics and the Law
Ethics and Organizational Stakeholders
Sources of Organizational Ethics
Why Do Ethical Rules Develop?
Why Does Unethical Behavior Occur?

Creating an Ethical Organization

Designing an Ethical Structure and Control System
Creating an Ethical Culture
Supporting the Interests of Stakeholder Groups

Summary

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

Creating a Code of Ethics
The Ethical Dimension #2
Making the Connection #2
Analyzing the Organization: Design Module #2
Assignment

Chapter 3 Organizing in a Changing Global Environment

What Is the Organizational Environment?

The Specific Environment

Table of Contents

The General Environment

Sources of Uncertainty in the Organizational Environment

Resource Dependence Theory

Interorganizational Strategies for Managing Resource Dependencies

Strategies for Managing Symbiotic Resource Interdependencies

Developing a Good Reputation

Cooptation

Strategic Alliances

Joint Venture

Merger and Takeover

Strategies for Managing Competitive Resource Interdependencies

Collusion and Cartels

Third-Party Linkage Mechanisms

Strategic Alliances

Merger and Takeover

Transaction Cost Theory

Sources of Transaction Costs

Transaction Costs and Linkage Mechanisms

Bureaucratic Costs

Using Transaction Cost Theory to Choose an Interorganizational Strategy

Summary

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

Protecting Your Domain

The Ethical Dimension #3

Making the Connection #3

Analyzing the Organization: Design Module #3

Assignment

Part 2 Organizational Design

Chapter 4 Basic Challenges of Organizational Design

Differentiation

Organizational Roles

Subunits: Functions and Divisions

Differentiation at the B.A.R. and Grille

Vertical and Horizontal Differentiation

Organizational Design Challenges

Balancing Differentiation and Integration

Integration and Integrating Mechanisms

Differentiation versus Integration

Table of Contents

Balancing Centralization and Decentralization

Centralization versus Decentralization of Authority

Balancing Standardization and Mutual Adjustment

Formalization: Written Rules

Socialization: Understood Norms

Standardization versus Mutual Adjustment

Mechanistic and Organic Organizational Structures

Mechanistic Structures

Organic Structures

The Contingency Approach to Organizational Design

Lawrence and Lorsch on Differentiation, Integration, and the Environment

Burns and Stalker on Organic versus Mechanistic Structures and the Environment

Summary

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

Growing Pains

Making the Connection #4

The Ethical Dimension #4

Analyzing the Organization: Design Module #4

Assignment

Chapter 5 Designing Organizational Structure: Authority and Control

Authority: How and Why Vertical Differentiation Occurs

The Emergence of the Hierarchy

Size and Height Limitations

Problems with Tall Hierarchies

The Parkinson's Law Problem

The Ideal Number of Hierarchical Levels: The Minimum Chain of Command

Span of Control

Control: Factors Affecting the Shape of the Hierarchy

Horizontal Differentiation

Centralization

Standardization

The Principles of Bureaucracy

The Advantages of Bureaucracy

Management by Objectives

The Influence of the Informal Organization

IT, Empowerment, and Self-Managed Teams

Summary

Discussion Questions

Table of Contents

Organizational Theory in Action: Practicing Organizational Theory

- How to Design a Hierarchy
- The Ethical Dimension #5
- Making the Connection #5
- Analyzing the Organization: Design Module #5
- Assignment

Chapter 6 Designing Organizational Structure: Specialization and Coordination

Functional Structure

- Advantages of a Functional Structure
- Control Problems in a Functional Structure
- Solving Control Problems in a Functional Structure

From Functional Structure to Divisional Structure

- Moving to a Divisional Structure

Divisional Structure I: Three Kinds of Product Structure

- Product Division Structure
- Multidivisional Structure
- Product Team Structure

Divisional Structure II: Geographic Structure

Divisional Structure III: Market Structure

Matrix Structure

- Advantages of a Matrix Structure
- Disadvantages of a Matrix Structure
- The Multidivisional Matrix Structure
- Hybrid Structure

Network Structure and the Boundaryless Organization

- Advantages of Network Structures
- Disadvantages of Network Structures
- The Boundaryless Organization
- E-Commerce

Summary

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

- Which New Organizational Structure?
- The Ethical Dimension #6
- Making the Connection #6
- Analyzing the Organization: Design Module #6
- Assignment

Chapter 7 Creating and Managing Organizational Culture

What Is Organizational Culture?

Table of Contents

Differences in Global Values and Norms

How Is an Organization's Culture Transmitted to Its Members?

Socialization and Socialization Tactics

Stories, Ceremonies, and Organizational Language

Where Does Organizational Culture Come From?

Characteristics of People within the Organization

Organizational Ethics

Property Rights

Organizational Structure

Can Organizational Culture Be Managed?

Social Responsibility

Approaches to Social Responsibility

Why Be Socially Responsible?

Summary

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

Developing a Service Culture

The Ethical Dimension #7

Making the Connection #7

Analyzing the Organization: Design Module #7

Assignment

Chapter 6 Designing Organizational Structure: Specialization and Coordination

Strategy and the Environment

Sources of Core Competences

Global Expansion and Core Competences

Four Levels of Strategy

Functional-Level Strategy

Strategies to Lower Costs or Differentiate Products

Functional-Level Strategy and Structure

Functional-Level Strategy and Culture

Business-Level Strategy

Strategies to Lower Costs or Differentiate Products

Focus Strategy

Business-Level Strategy and Structure

Business-Level Strategy and Culture

Corporate-Level Strategy

Vertical Integration

Related Diversification

Unrelated Diversification

Corporate-Level Strategy and Structure

Table of Contents

Corporate-Level Strategy and Culture

Implementing Strategy across Countries

Implementing a Multidomestic Strategy

Implementing International Strategy

Implementing Global Strategy

Implementing Transnational Strategy

Summary

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

What Kind of Supermarket?

The Ethical Dimension #8

Making the Connection #8

Analyzing the Organization: Design Module #8

Assignment

Chapter 9 Organizational Design, Competences, and Technology

What Is Technology?

Technology and Organizational Effectiveness

Technical Complexity: The Theory of Joan Woodward

Small-Batch and Unit Technology

Large-Batch and Mass Production Technology

Continuous-Process Technology

Technical Complexity and Organizational Structure

The Technological Imperative

Routine Tasks and Complex Tasks: The Theory of Charles Perrow

Task Variability and Task Analyzability

Four Types of Technology

Routine Technology and Organizational Structure

Nonroutine Technology and Organizational Structure

Task Interdependence: The Theory of James D. Thompson

Mediating Technology and Pooled Interdependence

Long-Linked Technology and Sequential Interdependence

Intensive Technology and Reciprocal Interdependence

From Mass Production to Advanced Manufacturing Technology

Advanced Manufacturing Technology: Innovations in Materials Technology

Computer-Aided Design

Computer-Aided Materials Management

Just-in-Time Inventory Systems

Flexible Manufacturing Technology and Computer-Integrated Manufacturing

Summary

Table of Contents

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

Choosing a Technology

The Ethical Dimension #9

Making the Connection #9

Analyzing the Organization: Design Module #9

Assignment

Part 3 Organizational Change

Chapter 10 Types and Forms of Organizational Change

What Is Organizational Change?

Targets of Change

Forces for and Resistance to Organizational Change

Forces for Change

Resistances to Change

Organization-Level Resistance to Change

Group-Level Resistance to Change

Individual-Level Resistance to Change

Lewin's Force-Field Theory of Change

Evolutionary and Revolutionary Change in Organizations

Developments in Evolutionary Change: Sociotechnical Systems Theory

Total Quality Management

Flexible Workers and Flexible Work Teams

Developments in Revolutionary Change: Reengineering

E-Engineering

Restructuring

Innovation

Managing Change: Action Research

Diagnosing the Organization

Determining the Desired Future State

Implementing Action

Evaluating the Action

Institutionalizing Action Research

Organizational Development

OD Techniques to Deal with Resistance to Change

OD Techniques to Promote Change

Summary

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

Managing Change

Making the Connection #10

Table of Contents

The Ethical Dimension #10

Analyzing the Organization: Design Module #10

Chapter 11 Organizational Transformations: Birth, Growth, Decline, and Death

The Organizational Life Cycle

Organizational Birth

Developing a Plan for a New Business

A Population Ecology Model of Organizational Birth

Number of Births

Survival Strategies

The Process of Natural Selection

The Institutional Theory of Organizational Growth

Organizational Isomorphism

Disadvantages of Isomorphism

Greiner's Model of Organizational Growth

Stage 1: Growth through Creativity

Stage 2: Growth through Direction

Stage 3: Growth through Delegation

Stage 4: Growth through Coordination

Stage 5: Growth through Collaboration

Organizational Decline and Death

Effectiveness and Profitability

Organizational Inertia

Changes in the Environment

Weitzel and Jonsson's Model of Organizational Decline

Summary

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

Growing Pains

Making the Connection #11

The Ethical Dimension #11

Analyzing the Organization: Design Module #11

Assignment

Chapter 12 Decision Making, Learning, Knowledge Management, and Information Technology

Organizational Decision Making

Models of Organizational Decision Making

The Rational Model

The Carnegie Model

The Incrementalist Model

Table of Contents

The Unstructured Model

The Garbage-Can Model

The Nature of Organizational Learning

Types of Organizational Learning

Levels of Organizational Learning

Knowledge Management and Information Technology

Factors Affecting Organizational Learning

Organizational Learning and Cognitive Structures

Types of Cognitive Biases

Cognitive Dissonance

Illusion of Control

Frequency and Representativeness

Projection and Ego-Defensiveness

Escalation of Commitment

Improving Decision Making and Learning

Strategies for Organizational Learning

Using Game Theory

Nature of the Top-Management Team

Devil's Advocacy and Dialectical Inquiry

Collateral Organizational Structure

Summary

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

Store Learning

Making the Connection #12

The Ethical Dimension #12

Analyzing the Organization: Design Module #12

Assignment

Chapter 13 Innovation, Intrapreneurship, and Creativity

Innovation and Technological Change

Two Types of Innovation

Protecting Innovation through Property Rights

Innovation, Intrapreneurship, and Creativity

Entrepreneurship as "Creative Destruction "

Innovation and the Product Life Cycle

Managing the Innovation Process

Project Management

Stage-Gate Development Funnel

Using Cross-Functional Teams and a Product Team Structure

Team Leadership

Table of Contents

Skunk Works and New Venture Divisions

Joint Ventures

Creating a Culture for Innovation

Innovation and Information Technology

Innovation and Information Synergies

IT and Organizational Structure and Culture

Summary

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

Managing Innovation

The Ethical Dimension #13

Making the Connection #13

Analyzing the Organization: Design Module #13

Chapter 14 Managing Conflict, Power, and Politics

What Is Organizational Conflict?

Pondy's Model of Organizational Conflict

Stage 1: Latent Conflict

Stage 2: Perceived Conflict

Stage 3: Felt Conflict

Stage 4: Manifest Conflict

Stage 5: Conflict Aftermath

Managing Conflict: Conflict Resolution Strategies

Acting at the Level of Structure

Acting at the Level of Attitudes and Individuals

What Is Organizational Power?

Sources of Organizational Power

Authority

Control over Resources

Control over Information

Nonsubstitutability

Centrality

Control over Uncertainty

Unobtrusive Power: Controlling the Premises of Decision Making

Using Power: Organizational Politics

Tactics for Playing Politics

The Costs and Benefits of Organizational Politics

Summary

Discussion Questions

Organizational Theory in Action: Practicing Organizational Theory

Table of Contents

Managing Conflict

The Ethical Dimension #14

Making the Connection #14

Analyzing the Organization: Design Module #14

Assignment

Case Studies

Supplemental Case Map

Case 1 United Products, Inc.

Case 2 The Paradoxical Twins: Acme and Omega Electronics

Case 3 How SAP's Business Model and Strategies Made It the Global Business Software Leader

Case 4 The Scaffold Plank Incident

Case 5 Beer and Wine Industries: Bartles & Jaymes

Case 6 Bennett's Machine Shop, Inc.

Case 7 Southwest Airlines

Case 8 The Rise and Fall of Eastman Kodak: How Long Will It Survive Beyond 2011?

Case 9 Philips NV

Case 10 "Ramrod" Stockwell

Company Index

A

B

C

D

E

F

G

H

I

J

K

L

M

N

O

P

Q

R

Table of Contents

S
T
U
V
W
X
Y
Z

Name Index

A
B
C
D
E
F
G
H
I
J
K
L
M
N
O
P
R
S
T
U
V
W
Y
Z

Table of Contents

Subject Index

A

B

C

D

E

F

G

H

I

J

K

L

M

N

O

P

Q

R

S

T

U

V

W