New Organizational Structures

Subjects: Psychology, Social | Psychology, Applied | Management

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The structure of an organization can be defined as a relatively fixed pattern of formal authority, responsibility relationships, and information flows and sources. Although the traditional forms of the organizational structure have been widely studied (Mintzberg, 1989), new organizational structures have yet to be clearly defined.

Organizational structre | organization | Organizational theory | Organizational design | Organizational size

These new organizational structures include networked organizations and virtual organizations, which, while not entirely new, nevertheless tend to be more diffuse and larger than in previous eras. They are characterized by their use of new communications technology, but this is not usually the reason for their proliferation. Rather, one of the main drivers behind their increased numbers is the intensification of organizational specialization.

1. Networked organizations

Networked organizations can be traditional hierarchical organizations that are simply part of a network. Hierarchical networked organizations are traditional companies in which there is a central hub that collaborates with a series of partners, which are subcontracted to produce certain products. The partners themselves may collaborate with each other informally if necessary, but it is the central hub that is ultimately responsible for coordination. Many large companies in the automotive industry have become networked organizations. Although they continue to assemble cars, many of the parts that were formerly produced within the company are now manufactured by external partners. One of the major advantages of this type of networked organization is significant cost reductions. Moreover, this type of structure enables the central organization to concentrate all its energy on its key business areas. It does, however, have some disadvantages. For example, there is the implicit risk that one of the partners may fail to comply with the quality standards required for the end product [1].

A qualitative longitudinal study by Whitford and Zirpoli (2014)[2] focused on analyzing relations between the automotive group Fiat and one of its key suppliers, with the aim of contributing to the debate about the determinants of organizational limits. This issue has become increasingly important as companies struggle to respond to market volatility and changing technology by involving their suppliers not only in the production but also in the conceptualization and design of the products they offer their customers. The authors of the study concluded that Fiat and its supplier were making mutual adjustments to enable them to adapt and the relationship to survive in a market subject to tremendous pressure (the automotive market).

One variant of this form of traditional networked organization is what is known as a *franchise*. A franchise is an agreement between a franchisor and a franchisee by virtue of which the former cedes (temporarily and in exchange for a fee) to the latter the right to use its brand and production systems and to access its product market. In the franchise system, top executives and expert technicians are located in the franchisor, while sales and service agents are located in the franchisee. The franchisor may choose any market strategy but generally requires all franchisees to adopt the same strategy and maintain certain common attributes. This enables them to benefit from the associated brand, as well as from a strategy that enables customers to know beforehand exactly what to expect. In this type of organization, franchisees do not share knowledge or coordinate amongst themselves. Rather, they compete for market resources (such as customers, for example).

2. Virtual organizations

Virtual organizations are also networked organizations, but in this case, their members contribute diverse competencies to an entity that may not have legal existence or a physical location (Cooper & Muench, 2000). The difference between virtual and traditional organizations is that the former generally tend to lack at least one of the following traits: *border management*, which enables members to be distinguished from non-members, and *hierarchical differentiation*. While the borders of traditional organizations usually remain fixed over long periods of time, those of virtual organizations are much more fluid and vague. Consequently, the term virtual organization is itself fairly vague and unclear.

Many virtual organizations are made up of specialist organizations that contribute their experience to ensure the network's goals are attained. In other cases, members assume certain responsibilities because this enables them to continue belonging to the network or offers them the opportunity of participating in similar networks in the future. In general, networked organizations are established when independent companies or organizations recognize the existence of a key opportunity or problem that can only be seized or resolved with the experience and participation of other organizations. Examples include a wide variety of different organizations, such as political action groups, university networks, and library and research consortia (Nowell, Hano, & Yang, 2019).

The participation of organizations in these networks is generally self-motivated. Member organizations tend to be geographically distant from one another and offer different products and services. These two factors: *differentiation* and *distance*, may generate communication and coordination difficulties, although the development and improvement of communication technologies have fostered an exponential growth in the number of virtual organizations.

One example of this is a study on the characteristics of the Children’s Oncology Group (COG), which is the only organization in the US National Cancer Institute's National Clinical Trials Network that is exclusively dedicated to pediatric cancer research. The study offers a general description of the organizational structure of COG based on data from 2013 to 2015. In 2016, COG had 8,785 members from 223 member organizations in seven countries. During the most recent three-year period, on average, 9,661 new patients were registered per year. During the same three-year period, the average number of people enrolling in therapeutic (i.e., treatment) and non-therapeutic

trials (e.g., epidemiology, biology, survivorship, etc.) each year was 16,836. The study emphasizes the fact that COG institutions have a diverse range of characteristics in terms of size, infrastructure, and geographical location. Individual membership also reflects this diversity, with members representing over 28 different disciplines and groups. Finally, the collaborative, multidisciplinary approach to science adopted by COG serves to support research that seeks to continuously improve outcomes for children and teenagers with cancer. As such, COG is a key example of organizations of this kind [3].

Finally, in the film and entertainment industry, *constellation* networks are fairly frequent. In this type of organization, a parent company generates a set of smaller companies that revolve around it and maintain a certain connection with it, although in many respects they are independent. A good example of this type of structure in the film industry is Pixar Studios. Pixar was originally the animation division of Lucasfilms and separated from the parent company in 1979 using money supplied by Apple. The most important advantage offered by constellation networks is that their structure is extremely well-suited to the development of innovative products and services. One of the potential problems associated with them is that the parent company may lose key value if one of these smaller companies decides to break away from them. Pixar, for example, was sold to Disney in 2006.

Research into new organizational structures has focused on exploring the relationship between their emergence/disappearance and certain environmental characteristics, such as complexity, uncertainty, or the availability of resources. However, little empirical research has sought to analyze the influence of new organizational structures on the hedonic and eudemonic wellbeing of their workers. Given that employee wellbeing is a key focus of interest in the Psychology of Sustainability and Sustainable Development [4], future research should explore the characteristics of those new organizational structures that are considered both sustainable and healthy. The hypotheses that have been formulated to date include: 1) The characteristics of new organizational structures influence the way in which workers identify with their organizations, consistently with the findings reported by Moreno-Romero et al. (2020) [5]; 2) The relationship between the characteristics of new organizational structures and the health and wellbeing of their various members is mediated by the degree to which workers identify with their organizations; and 3) The relationship between environmental characteristics and the health and wellbeing of the different members of the organization, which is mediated by workers' identification with their organization, is moderated by organizational climate.

From a pessimistic perspective, new organizational structures can be seen as a form of neo-Taylorism, in which Information and Communications Technology serves as a mechanism for controlling workers. However, from a more positive standpoint, the ubiquity and dissemination that characterize these new organizational structures, along with the importance they attach to relationships and knowledge, may open up promising avenues for developing personal work-related competencies.

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