

Organization Theory and Design

EIGHTH EDITION

Richard L Daft

Vanderbilt University

THOMSON

SOUTH-WESTERN

Australia • Canada • Mexico • Singapore • Spain • United Kingdom • United States

Brief CONTENTS

Preface
PART ONE INTRODUCTION TO ORGANIZATIONS. .1 CHAPTER ONE Organizations and Organization Theory. .2
PART TWO ORGANIZATIONAL PURPOSE AND STRUCTURAL DESIGN 49
CHAPTER TWO Strategy, Organization Design, and Effectiveness
CHAPTER THREE Fundamentals of Organization Structure
PART THREE OPEN SYSTEM DESIGN ELEMENTS
CHAPTER FOUR The External Environment
CHAPTER FIVE Interorganizational Relationships
CHAPTER SIX Designing Organizations for the International Environment
PART FOUR INTERNAL DESIGN ELEMENTS
CHAPTER SEVEN Manufacturing and Service Technologies
CHAPTER EIGHT Information Technology and Control
CHAPTER NINE Organization Size, Life Cycle, and Decline
PART FIVE MANAGING DYNAMIC PROCESSES
FART FIVE MANAGING DINAMIC PROCESSES
CHAPTER TEN Organizational Culture and Ethical Values
CHAPTER TEN Organizational Culture and Ethical Values
CHAPTER TEN Organizational Culture and Ethical Values.
CHAPTER TEN Organizational Culture and Ethical Values
CHAPTER TEN Organizational Culture and Ethical Values. 358 CHAPTER ELEVEN Innovation and Change. 398 CHAPTER TWELVE Decision-Making Processes. 444 CHAPTER THIRTEEN Conflict, Power, and Politics. 486 INTEGRATIVE CASES. 524 1.0 It Isn't So Simple: Infrastructure Change at Royce Consulting. 526
CHAPTER TEN Organizational Culture and Ethical Values. 358 CHAPTER ELEVEN Innovation and Change. 398 CHAPTER TWELVE Decision-Making Processes. 444 CHAPTER THIRTEEN Conflict, Power, and Politics. 486 INTEGRATIVE CASES. 524 1.0 It Isn't So Simple: Infrastructure Change at Royce Consulting. 526 2.0 Custom Chip, Inc. 531
CHAPTER TEN Organizational Culture and Ethical Values. 358 CHAPTER ELEVEN Innovation and Change. 398 CHAPTER TWELVE Decision-Making Processes. 444 CHAPTER THIRTEEN Conflict, Power, and Politics. 486 INTEGRATIVE CASES. 524 1.0 It Isn't So Simple: Infrastructure Change at Royce Consulting. 526 2.0 Custom Chip, Inc. 531 3.0 W. L. Gore & Associates, Inc., Entering 1998. 538 4.0 XEL Communications, Inc. (C) Forming a Strategic Partnership. 555
CHAPTER TENOrganizational Culture and Ethical Values.358CHAPTER ELEVENInnovation and Change.398CHAPTER TWELVEDecision-Making Processes.444CHAPTER THIRTEENConflict, Power, and Politics.486INTEGRATIVE CASES.52410It Isn't So Simple: Infrastructure Change at Royce Consulting.5262.0Custom Chip, Inc.5313.0W. L. Gore & Associates, Inc., Entering 1998.5384.0XEL Communications, Inc. (C) Forming a Strategic Partnership.5555.0National Bank of San Francisco.562
CHAPTER TENOrganizational Culture and Ethical Values.358CHAPTER ELEVENInnovation and Change.398CHAPTER TWELVEDecision-Making Processes.444CHAPTER THIRTEENConflict, Power, and Politics.486INTEGRATIVE CASES.5241.0It Isn't So Simple: Infrastructure Change at Royce Consulting.5262.0Custom Chip, Inc.5313.0W. L. Gore & Associates, Inc., Entering 1998.5384.0XEL Communications, Inc. (C) Forming a Strategic Partnership.5555.0National Bank of San Francisco.5626.0The Audubon Zoo.565
CHAPTER TENOrganizational Culture and Ethical Values.358CHAPTER ELEVENInnovation and Change.398CHAPTER TWELVEDecision-Making Processes.444CHAPTER THIRTEENConflict, Power, and Politics.486INTEGRATIVE CASES.5241.0It Isn't So Simple: Infrastructure Change at Royce Consulting.5262.0Custom Chip, Inc.5313.0W. L. Gore & Associates, Inc., Entering 1998.5384.0XEL Communications, Inc. (C) Forming a Strategic Partnership.5555.0National Bank of San Francisco.5626.0The Audubon Zoo.5657.0Dowling Flexible Metals.580
CHAPTER TENOrganizational Culture and Ethical Values.358CHAPTER ELEVENInnovation and Change.398CHAPTER TWELVEDecision-Making Processes.444CHAPTER THIRTEENConflict, Power, and Politics.486INTEGRATIVE CASES.5241.0It Isn't So Simple: Infrastructure Change at Royce Consulting.5262.0Custom Chip, Inc.5313.0W. L. Gore & Associates, Inc., Entering 1998.5384.0XEL Communications, Inc. (C) Forming a Strategic Partnership.5555.0National Bank of San Francisco.5626.0The Audubon Zoo.565
CHAPTER TENOrganizational Culture and Ethical Values.358CHAPTER ELEVENInnovation and Change.398CHAPTER TWELVEDecision-Making Processes.444CHAPTER THIRTEENConflict, Power, and Politics.486INTEGRATIVE CASES.5241.0It Isn't So Simple: Infrastructure Change at Royce Consulting.5262.0Custom Chip, Inc.5313.0W. L. Gore & Associates, Inc., Entering 1998.5384.0XEL Communications, Inc. (C) Forming a Strategic Partnership.5555.0National Bank of San Francisco.5626.0The Audubon Zoo.5657.0Dowling Flexible Metals.5808.1Littleton Manufacturing (A).584
CHAPTER TENOrganizational Culture and Ethical Values.358CHAPTER ELEVENInnovation and Change.398CHAPTER TWELVEDecision-Making Processes.444CHAPTER THIRTEENConflict, Power, and Politics.486INTEGRATIVE CASES.5241.0It Isn't So Simple: Infrastructure Change at Royce Consulting.5262.0Custom Chip, Inc.5313.0W. L. Gore & Associates, Inc., Entering 1998.5384.0XEL Communications, Inc. (C) Forming a Strategic Partnership.5555.0National Bank of San Francisco.5626.0The Audubon Zoo.5657.0Dowling Flexible Metals.5808.1Littleton Manufacturing (A).5848.2Littleton Manufacturing (B).597
CHAPTER TENOrganizational Culture and Ethical Values.358CHAPTER ELEVENInnovation and Change.398CHAPTER TWELVEDecision-Making Processes.444CHAPTER THIRTEENConflict, Power, and Politics.486INTEGRATIVE CASES.52410It Isn't So Simple: Infrastructure Change at Royce Consulting.5262.0Custom Chip, Inc.5313.0W. L. Gore & Associates, Inc., Entering 1998.5384.0XEL Communications, Inc. (C) Forming a Strategic Partnership.5555.0National Bank of San Francisco.5626.0The Audubon Zoo.5657.0Dowling Flexible Metals.5808.1Littleton Manufacturing (A).5848.2Littleton Manufacturing (B).597Glossary.600



Preface
PART ONE
INTRODUCTION TO ORGANIZATIONS
CHAPTER ONE
Organizations and Organization Theory
A Look Inside Xerox Corporation
Organization Theory in Action
Topics 6 • Current Challenges 6
Leading by Design Royal Dutch/Shell.
Purpose of This Chapter 10
What is an Organization?
Definition 11 • Types of Organizations 11 • Importance of Organizations 12
Perspectives on Organizations.
Open Systems 14 • Organizational Configuration 15
Dimensions of Organization Design
Structural Dimensions 17 • Contextual Dimensions 18
In Practice W. L. Gore & Associates
Performance and Effectiveness Outcomes 22
In Practice Knight Ridder
The Evolution of Organization Theory and Design.
Historical Perspectives 24 • Contemporary Organization Design 26
Book Mark 1.0 The Company of the Future: How the Communications Revolution Is Changing Management
Efficient Performance Versus the Learning Organization 28
In Practice Cementos Mexicanos
Framework for the Book
Levels of Analysis 33 • Plan of the Book 34
Summary and Interpretation.
Chapter I Workbook Measuring Dimensions of Organizations
Case for Analysis S-S Technologies, Inc. (A)—Introduction
Case for Analysis S-S Technologies, Inc. (D)—Organizational Design
PART TWO
ORGANIZATIONAL PURPOSE AND STRUCTURAL DESIGN
CHAPTER TWO
Strategy, Organization Design, and Effectiveness
A Look Inside 3M Corporation.
Purpose of This Chapter 52
The Role of Strategic Direction in Organization Design
Book Mark 2.0 Competing on the Edge: Strategy as Structured Chaos
Organizational Purpose
Mission 55 • Operative Goals 55
Leading by Design Marriott
The Importance of Goals 59
A Framework for Selecting Strategy and Design
Porter's Competitive Strategies 60
In Practice Charles Schwab & Company.
Miles and Snow's Strategy Typology 62 • How Strategies Affect Organization Design 63 • Other Factors Affecting Organization Design 64

Assessing Organizational Effectiveness
In Practice Nortel
An Integrated Effectiveness Model
In Practice Chrysler Corporation
Summary and Interpretation
Chapter 2 Workbook Identifying Company Goals and Strategies
Case for Analysis The University Art Museum
Case for Analysis Airstar, Inc
Chapter 2 Workshop Competing Values and Organizational Effectiveness
CHAPTER THREE
Fundamentals of Organization Structure
A Look Inside Cunningham Motor Company
Purpose of This Chapter 86
Organization Structure
Book Mark 3.0 Futurize Your Enterprise: Business Strategy in the Age of the E-Customer 88
Information-Processing Perspective on Structure
Vertical Information Linkages 89
In Practice Oracle Corporation
Horizontal Information Linkages 91
In Practice Nissan
Organization Design Alternatives
Required Work Activities 96 • Reporting Relationships 96 • Departmental
Grouping Options 97
Functional, Divisional, and Geographical Designs
Functional Structure 99
In Practice Blue Bell Creameries, Inc.,
Functional Structure with Horizontal Linkages 101 • Divisional Structure 101
In Practice Microsoft
Geographical Structure 104
Matrix Structure
Conditions for the Matrix 105 • Strengths and Weaknesses 107
In Practice Worldwide Steel
Horizontal Structure
Characteristics 111
In Practice GE Salisbury
Strengths and Weaknesses 113
Modular Structure
How the Structure Works 114 • Strengths and Weaknesses 115
Hybrid Structure
Applications of Structural Design
Structural Alignment 119 • Symptoms of Structural Deficiency 120
Summary and Interpretation
Chapter 3 Workbook You and Organization Structure
Case for Analysis C & C Grocery Stores, Inc
Case for Analysis Aquarius Advertising Agency
PART THREE
OPEN SYSTEM DESIGN ELEMENTS

CHAPTER FOUR	
The External Environment	134
A Look Inside Guiltless Gourmet	
Purpose of This Chapter 136	
The Environmental Domain	136
Task Environment 136 • General Environment 138 • International Context 139	
In Practice Ford Motor Company.	

Environmental Uncertainty	40
Adapting to Environmental Uncertainty	44
Positions and Departments 144 • Buffering and Boundary Spanning 144	16
In Practice Tommy Hilfiger	40
Processes 148 • Planning, Forecasting, and Responsiveness 149	
Leading by Design Rowe Furniture Company	50
$\partial \partial $	151
Framework for Organizational Responses to Uncertainty.	
Resource Dependence 1 In Practice Nokia Corporation 1	
Controlling Environmental Resources	155
Establishing Interorganizational Linkages 155 • Controlling the Environmental Domain 157	
In Practice Schering-Plough Corporation	157
Organization-Environment Integrative Framework 159	
Summary and Interpretation	
Chapter 4 Workbook Organizations You Rely On	
Case for Analysis The Paradoxical Twins: Acme and Omega Electronics	163
CHAPTER FIVE	
Interorganizational Relationships	170
A Look Inside U. S. Army, Anniston, Alabama, Depot.	
Purpose of This Chapter	
Organizational Ecosystems	172
Interorganizational Framework 175	
Resource Dependence	176
From Adversaries to Partners 179	
In Practice Bombardier	
Book Mark 5.0 Managing Strategic Relationships: The Key to Business Success.	
Population Ecology	182
Leading by Design Shazam—It's Magic!	185
Strategies for Survival 186	100
In Practice Starbucks Coffee	
Institutionalism	
In Practice JetBlue.	188
The Institutional View and Organization Design 189 • Institutional Similarity 190 Summary and Interpretation	102
Chapter 5 Workbook Management Fads.	
Case for Analysis Hugh Russel, Inc.	
Chapter 5 Workshop Ugli Orange Case.	
CHAPTER SIX	
Designing Organizations for the International Environment	204
A Look Inside Starbucks	
Purpose of This Chapter 206	
Entering the Global Arena.	206
Motivations for Global Expansion 206 • Stages of International Development 208 •	
Global Expansion Through International Strategic Alliances 209 In <i>Practice</i> STMicroelectronics NV.	210
Designing Structure to Fit Global Strategy.	210
Model for Global Versus Local Opportunities 211 • International Division 213 •	
Global Product Division Structure 214 • Global Geographic Division Structures 214	
In Practice Colgate-Palmolive Company.	216
Global Matrix Structure 217	01-
In Practice Asea Brown Boveri Ltd. (ABB).	
The Global Organizational Challenge 219 • Global Coordination Mechanisms 222	217

Cultural Differences in Coordination and Control. National Value Systems 224 • Three National Approaches to Coordination and Control 224 Book Mark 6.0 Cross-Cultural Business Behavior: Marketing, Negotiation and Managing	224
Across Cultures	.225
The Transnational Model of Organization	226
Summary and Interpretation	
Chapter 6 Workbook Made in the U.S.A.?.	
Case for Analysis TopDog Software.	
Case for Analysis Rhodes Industries	233
Chapter 6 Workshop Comparing Cultures.	236
PART FOUR	
INTERNAL DESIGN ELEMENTS	
CHAPTER SEVEN	
Manufacturing and Service Technologies.	242
A Look Inside French Rags	
Purpose of This Chapter 245	.243
Core Organization Manufacturing Technology.	246
Manufacturing Firms 246	240
In Practice Printronix.	240
	.249
Flexible Manufacturing 250	251
Book Mark 7.0 Inviting Disaster: Lessons from the Edge of Technology.	
Leading by Design Dell Computer.	
Core Organization Service Technology.	.255
Service Firms 255 • Designing the Service Organization 257	
In Practice Pret A Manger.	
Noncore Departmental Technology.	.259
Variety 259 • Analyzability 260 • Framework 260	
Department Design.	.262
In Practice Parkland Memorial Hospital.	264
Workflow Interdependence Among Departments	264
Types 265 • Structural Priority 267 • Structural Implications 267	
In Practice Athletic Teams.	268
Impact of Technology on Job Design	269
Job Design 269 • Sociotechnical Systems 270	
Summary and Interpretation.	.272
Chapter 7 Workbook Bistro Technology.	
Case for Analysis Acetate Department.	.213
CHAPTER EIGHT	
Information Technology and Control.	.284
A Look Inside Progressive Insurance.	
Purpose of This Chapter 286	
Information Technology Evolution.	286
Information for Decision Making and Control.	
Organizational Decision-Making Systems 289 • Feedback Control Model 290 •	
Management Control Systems 290	
In Practice TNT UK.	292
The Balanced Scorecard 293	
Information as a Strategic Weapon: Networking for Internal Coordination	295
Intranets 295 • Enterprise Resource Planning 295 • Knowledge Management 297	275
Book Mark 8.0 The Myth of the Paperless Office.	208
In Practice DPR Construction, Inc.	
Information as a Strategic Weapon: Strengthening External Relationships.	.501
Electronic Data Interchange and Extranets 301	202
In Practice Enterprise Rent-A-Car	.502
The Integrated Enterprise 303 Leading by Design Corrugated Supplies.	204
	.304
E-Business Organization Design 305	

In Practice Tesco.com.	.307 .310
Chapter 8 Workbook Are You Fast Enough to Succeed in Internet Time? Case for Analysis Century Medical Case for Analysis Product X.	.313
CHAPTER NINE	
Organization Size, Life Cycle, and* Decline.	
Organization Size: Is Bigger Better?	.320
Book Mark 9.0 Execution: The Discipline of Getting Things Done.	324
Organizational Life Cycle	
In Practice Yahoo!	
Organizational Bureaucracy and Control	
In Practice United Parcel Service.	.332
Size and Structural Control 333	224
Bureaucracy in a Changing World Organizing Temporary Systems for Flexibility and Innovation 335 • Other Approaches to Reducing Bureaucracy 336	.334
Leading by Design The Salvation Army.	337
Organizational Control Strategies. Bureaucratic Control 338 • Market Control 339	.338
In Practice Imperial Oil Limited	.340
In Practice Columbus Mills.	341
Organizational Decline and Downsizing Definition and Causes 343 • A Model of Decline Stages 343	
In Practice Arthur Andersen.	345
Downsizing Implementation 346 Summary and Interpretation.	.347
Chapter 9 Workbook Control Mechanisms	.349
Case for Analysis Sunflower Incorporated.	
Chapter 9 Workshop Windsock, Inc.	
PART FIVE	
MANAGING DYNAMIC PROCESSES	
CHAPTER TEN	
Organizational Culture and Ethical Values.	.358
A Look Inside PSS World Medical	.359
Organizational Culture What is Culture? 361 • Emergence and Purpose of Culture 361 • Interpreting Culture 362	.361
Book Mark 10.0 Good to Great: Why Some Companies Make the Leap And Others Don't	363
Organization Design and Culture.	.366
The Adaptability Culture 367 • The Mission Culture 368 • The Clan Culture 368	
In <i>Practice</i> MTW Corp. The Bureaucratic Culture 369 • Culture Strength and Organizational Subcultures 370	
In Practice Pitney Bowes Credit Corporation	
Culture and the Learning Organization	
Ethical Values in Organizations.	
Leading by Design Commerce Bank.	
Sources of Ethical Values in Organizations	.376
External Shareholders 378	

How Leaders Shape Culture and Ethics	
In Practice Kingston Technology Co	
Formal Structure and Systems 381	
In Practice Holt Companies	
Corporate Culture and Ethics in a Global Environment	
Summary and Interpretation	
Chapter 10 Workbook Shop'til You Drop: Corporate Culture in the Retail World	
Case for Analysis Implementing Change at National Industrial Products	
Case for Analysis Does this Milkshake Taste Funny?	
Chapter 10 Workshop The Power of Ethics	
CHAPTER ELEVEN	
Innovation and Change	
A Look Inside Procter & Gamble	
Purpose of This Chapter 400	
Innovate or Perish: The Strategic Role of Change	
Incremental Versus Radical Change 400 • Strategic Types of Change 402 Elements for Successful Change	
Leading by Design Google	
Technology Change	
The Ambidextrous Approach 407 • Techniques for Encouraging Technology Change 408	
In Practice Nokia	
New Products and Services	
New Product Success Rate 412 • Reasons for New Product Success 412 •	
Horizontal Linkage Model 413	
In Practice Mattel	
Achieving Competitive Advantage: The Need for Speed 415 Strategy and Structure Change	
The Dual-Core Approach 417 • Organization Design for Implementing	
Administrative Change 417	
In Practice Hire Quality Inc.,	
Culture Change	
Forces for Culture Change 420	
In <i>Practice</i> , Electronic Data Systems	
OD Culture Change Interventions 422 Strategies for Implementing Change	
Leadership for Change 423	
Book Mark 11,0 The Change Monster: The Human Forces That Fuel or Foil Corporate	
Transformation and Change	
Barriers to Change 426 • Techniques for Implementation 426	
Summary and Interpretation 428	
Chapter 11 Workbook Innovation Climate	J
Case for Analysis Shoe Corporation of Illinois	
Case for Analysis Southern Discomfort	
CHAPTER TWELVE	
Decision-Making Processes	
A Look Inside Avon Products	
Purpose of This Chapter 446	
Definitions	
Individual Decision Making . •	
Rational Approach 448 In Practice Alberta Consulting. 450	
Bounded Rationality Perspective 451	
Leading by Design Motek	;
In <i>Practice</i> Paramount Pictures	
Organizational Decision Making	i
Management Science Approach 455	
In Practice National Broadcasting Company (NBC)	;
Carnegie Model 458	

In Practice Encyclopaedia Britannica	.459
In Practice Gillette Company.	463
The Learning Organization	
Combining the Incremental Process and Carnegie Models 464 • Garbage Can Model 465 In <i>Practice</i> . Casablanca	
Contingency Decision-Making Framework	
Problem Consensus 470 • Technical Knowledge About Solutions 470 • Contingency Framework 471	
Special Decision Circumstances.	473
High-Velocity Environments 473	
Book Mark 12.0 Winning Decisions: Getting It Right the First Time	474
Summary and Interpretation	.476
Chapter 12 Workbook Decision Styles	478
Case for Analysis Cracking the Whip.	
Case for Analysis The Dilemma of Aliesha State College: Competence Versus Need.	
CHAPTER THIRTEEN	
Conflict, Power, and Politics	486
A Look Inside Pacific Medical Center.	
Purpose of This Chapter 487	
Intergroup Conflict in Organizations	487
Leading by Design Advanced Cardiovascular Systems (ACS).	.491
Power and Organizations.	.493
Individual Versus Organizational Power 493 • Power Versus Authority 494 • Vertical Sources of Power 494	
In Practice Morgan Stanley Dean Witter	<u>.</u> 497
Horizontal Sources of Power 498	
in Practice University of Illinois.	
in Practice Crystal Manufacturing.	
Political Processes in Organizations.	503
Definition 504 • When is Political Activity Used? 504 Using Power, Politics, and Collaboration	505
Tactics for Increasing Power 506 • Political Tactics for Using Power 507	205
In Practice Yahoo!	.509
Book Mark 13,0 Influence: Science and Practice.	
Tactics for Enhancing Collaboration 510	
In Practice Aluminum Company of America/International Association of Machinists	
Summary and Interpretation	513
Chapter 13 Workbook How Do You Handle Conflict?	
Case for Analysis The Daily Tribune.	
Case for Analysis Pierre Dux	.518
INTEGRATIVE CASES	524
1.0 It Isn't So Simple: Infrastructure Change at Royce Consulting.	
2.0 Custom Chip, Inc.	
3.0 W. L. Gore & Associates, Inc., Entering 1998.	.538
4.0 XEL Communications, Inc. (C) Forming a Strategic Partnership	.555
5.0 National Bank of San Francisco	
6.0 The Audubon Zoo	
7.0 Dowling Flexible Metals	
8.1 Littleton Manufacturing (A). 8.2 Littleton Manufacturing (B).	
Glossary.	
Name Index	
Corporate Index	
Subject Index	619