Most of us are familiar with the bureaucratic organization that is specified in almost every detail and run in a tightly controlled way by the executive at the top. Many government organizations with their rigid departmental divisions and clearly defined roles and rules, mobilized through a hierarchical chain of command, provide obvious examples.

While this kind of organization once dominated many aspects of society, most bureaucracies are in the process of being reshaped along with the changing demands and challenges of the world around them. Sometimes the changes are quite marginal. Many organizations often resist fundamental change—because people, for one reason or another, wish to cling to a hierarchical model. But in some cases, significant transformations in organization can be achieved. The following pages explore some of these changes, and how the bureaucratic approach to management is being challenged and replaced by newer forms of organization that are much more like networks than hierarchical structures. Conceptually, the range of organizational forms to be discussed can be represented by a continuum ranging from the rigid bureaucracy on the one hand (model 1) to the loosely coupled network, or organic form of organization (model 6), on the other. The aim of the discussion is twofold:

(a) to illustrate how a bureaucracy can, in principle, begin to transform itself over time from one form of organization into another (but probably not all the way from model 1 to models 5 and 6); and

(b) to contrast the principles that underpin organizations at different ends of the continuum.

The purpose of the discussion is to provide a series of images and general principles against which you can identify the organizations with which you are familiar. A visual illustration of each model is presented in Exhibit 27.2.

Model 1

This is Weber’s classical bureaucracy described in the opening paragraph (and in Resource 22). It represents the traditional organizational pyramid under the strict control of the chief executive. The organization has tried to codify all important operational principles, and is run in accordance with those principles. Meetings are viewed as a waste of time, and are rarely necessary, because almost every contingency is well understood: The organization is operating in an ultrastable environment.
Model 2

This organization is finding that the environment is generating novel problems, issues, and concerns on an ongoing basis. It is impossible to codify all appropriate responses. The chief executive has thus decided to create a “management team,” comprising himself and the heads of principal departments, which meets on a weekly basis. This team makes all policy decisions, and settles the problems that cannot be handled through the organization’s normal routines. Each department head exercises clearly defined authority in relation to his or her area of influence. Managerial styles vary from department to department, being shaped by the personality of the department head and the kind of task being performed. Some departments are highly authoritarian; others are more participative.

Model 3

This organization has found that the senior management team cannot handle all the issues that require an interdepartmental perspective, and has created a number of project teams and task forces involving staff at lower levels of the organization. The departmental structure and sense of organizational hierarchy, however, are very strong. The members of the teams and task forces tend to see their primary loyalty as being to their department head rather than to the team to which they belong. They realize that promotion is largely a departmental affair. They sit in team meetings as representatives of their department. They tend to give the “departmental line” on issues, and report back to their departmental head on what happens. When real problems arise, they are thus usually “delegated upward” for resolution by the senior management team. Team leaders feel that they have relatively little power, and find it difficult to develop commitment and momentum in relation to the activities that they’re charged with managing. The organization looks as if it is moving toward a “matrix” or project-team structure, but in reality it operates like a loosely structured bureaucratic organization where information is passed up the hierarchy, and decisions down.

Model 4

This organization has decided to organize itself in a matrix form. Its special character rests in the fact that it has decided to give more or less equal priority to functional departments such as finance, administration, marketing, sales, production and R&D, and to various business or product areas. Thus people working in the various product or business teams that cut across the functional areas have to work with two perspectives in mind: functional and end product. This dual focus, under ideal conditions, allows the various operating teams to combine functional skills and resources with an orientation driven by the key tasks and challenges from the organization’s environment—such as those relating to the need to fine-tune products for specific market segments or the needs of specific geographic areas.
Model 5

This organization has decided to tackle most of its core activities through project teams. Notionally, there may be functional departments—but they only play a supporting role. Key specialist belong to teams, and make their main contributions through their team. The organization recognizes that its future lies in the dynamism and innovativeness of these teams, and tries to give them a free rein within the parameters and values that senior managers have used to define the strategic direction of the organization. The organization is much more like a network of interaction than a bureaucratic structure. The teams are powerful, exciting, and dynamic entities. Coordination is informal. There is frequent cross-fertilization of ideas, and a regular exchange of information, especially between team leaders and the senior management group. Much effort is devoted to creating shared appreciations and understandings of the nature and identity of the organization and its mission, but always within a context that encourages a learning-oriented approach. The organization is constantly trying to find and create the new initiatives, ideas, systems, and processes that will contribute to its success.

Model 6

This organization has decided to become, and stay, a loosely coupled network. Rather than employ large numbers of people, it has decided to operate in a subcontracting mode. It has a small core of staff who set a strategic direction and provide the operational support necessary to sustain the network, but it contracts other individuals and organizations to perform key operational activities. Its network at any given time operationalizes the “ideas” that the central group wishes to develop. For example, the organization may be in the fashion industry. It has created a name and image—“it’s label”—but contracts out market surveys, product design, production, distribution, and so on. In the public eye, the firm has a clear identity. But in reality, it is a network of firms held together by the product of the day. It changes from month to month as different ideas and products come on line, and as the core organization experiments with different partners. The firm is really a system of firms—an open-ended system of ideas and activities, rather than an entity with a clear structure and definable boundary.

Models 1 through 6 are really different “species” of organizations. A firm beginning as model 1 may over time evolve into model 2, 3, perhaps even 4. And if it is prepared to engage in a major “revolution,” it may develop the features of models 5 and 6. But in reality, the transformation process from one end of the continuum to the other is extremely difficult to make, and the required change is more than structural—it is cultural and political as well. The culture and politics of many organizations constrain the degree of change and transformation in which they can successfully engage, even though such change may be highly desirable for meeting the challenges and demands of the wider environment.
### EXHIBIT 27.1

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>The rigidly organized bureaucracy</td>
<td>The bureaucracy run by a senior executives' group</td>
<td>The bureaucracy that has created cross-departmental teams and task forces</td>
<td>The matrix organization</td>
<td>The project-based organization</td>
<td>The loosely coupled organic network</td>
</tr>
</tbody>
</table>

**MECHANISTIC/BUREAUCRATIC**
Organized for Stability

**ORGANIC NETWORK**
Organized for flexibility and change
EXHIBIT 27.2  Schematic illustrations of the six models

Model 1: The Rigid Bureaucracy

Model 2: The Bureaucracy with a senior "management" team.

Model 3: The Bureaucracy with Project Teams and Task Forces.

Model 4: The Matrix Organization

Model 5: The Project Organization

Model 6: The Loosely-coupled Organic Network