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HUMAN RESOURCE MANAGEMENT IMPLICATIONS
OF NEW FORMS OF ORGANIZING

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Abstract

Adopting a process view, we explore the personnel (HRM) implications of new forms of organizing (NFOs). We review the characteristics of NFOs and explain how they require a renewed HRM approach. We illustrate the HRM approach with preliminary results from a European comparative study, and comment on the challenges ahead.

HUMAN RESOURCE MANAGEMENT IMPLICATIONS OF NEW FORMS OF ORGANIZING (*)

Introduction

New forms of competition demand new ways of organizing firm activities. Different authors (Baker, 1992; Nohria, 1992, 1996; Powell, 1990) have pointed at the dissolution of traditional forms of organizing as a way to manage in rapidly changing environments (D'Aveni, 1994; Eisenhardt, 1988; Meyer, Goes, & Brooks, 1993).

The new forms of organizing (NFOs) improve on the limitations of hierarchical and bureaucratic forms by transforming the liabilities of firm size –be it large or small– and redesigning internal processes – making them less formal and hierarchical. At the same time, NFOs are increasingly being used in conjunction with trends towards downsizing, delaying, organizing around smaller business units, and increasing the number of profit centers within the firm, and entrusting lower managerial levels with more autonomy (Miles & Snow, 1994: 100-101). In this way, NFOs resemble “enabling bureaucracies” which alleviate some negative characteristics of more traditional ways of organizing (Adler & Borys, 1996).

Research on the NFOs grew steadily during the 1990s. However, there is a dearth of thought on the human resource management (HRM) implications of the new arrangements (Kanter & Eccles, 1992). Therefore, in this paper we explore the human resource management (HRM) implications of developing new ways of organizing firm activities. We do so by taking a process view, thus focusing on how HRM foundations and practices are called upon to facilitate the operation of the new organizational approach.

This paper builds on preliminary results of the “Organizing for the 21st Century” Research Project (OCRCP) currently being performed by a team of European scholars (Fenton, Peck, Pettigrew, & Whittington, 1997; Peck & Fenton, 1997). This research consists of survey work in the United Kingdom, Spain, France, Switzerland, Holland, Sweden, Germany, and Italy, followed by in-depth case studies of at least two companies in each of these countries. Throughout the paper, we make references to preliminary results of the OCRCP to illustrate and complement theoretical statements.

The remainder of this paper is organized as follows. First, we briefly review the basic structural characteristics of the new forms of organizing. Second, we delineate the process by which the new arrangements support –and are supported by– a renewed HRM

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approach in matters such as job design and control, teamwork, leadership and managerial roles, and personnel practices. Third, we illustrate the new HRM view by referring to preliminary questionnaire and case-study results from the OCRP. Finally, we offer concluding comments on the challenges ahead for theory and practice.

New forms of organizing: Structural features

Internal growth requirements of traditional organizations result in differentiation mechanisms across horizontal and vertical lines. Vertically, the traditional organization soon becomes saturated by increasingly more levels of management. Horizontally, divisions and functions also keep growing internally (Nohria, 1996), to the point where different functions, product specialisms, and geographical divisions end up generating strong corporate staffs and headquarters as the main vehicle for organizational integration (Chandler, 1990).

In this scenario, decision making flows slowly; communication suffers from downward distortion and failure to reach the top; exchange among departments, functions, and countries of operations is costly and scarce; flexibility is lacking; and, in the end, the organization fails to meet stakeholders' expectations (Hastings, 1996).

In studying the new ways of organizing, a point must be made of adopting a systemic approach. This means that analysis cannot proceed along single dimensions. Rather, there is a need for a holistic understanding of all the features that comprise the NFOs. This is important for two reasons. First, organizational characteristics tend to interact, thus resulting in a system that is more than the sum of its discrete components (Helgesen, 1995; Milgrom & Roberts, 1995). Because the need for this kind of systemic study remains largely ignored, the final analysis is fragmented, piecemeal, and concentrated on single, particular features that do not explain the whole phenomenon (Nohria, 1996). Second, ignoring the interdependencies among the dimensions of the NFOs proves fatal when attempting to transform traditional firms, since "it is necessary to work on changing all aspects of an organization simultaneously in the same direction. In practice, it is necessary to start somewhere; and yet the full rewards of making this start are unlikely to be reaped until substantial changes have been introduced elsewhere" (Ezzamel, Lilley, & Willmott, 1994: 457). Further, the systemic viewpoint allows a more sophisticated understanding of the bi-modal nature of NFOs, "in that they could accommodate opposing tendencies and yet function as coherent and cohesive concerns" (Bahrami, 1992: 43).

Supporting the holistic view, preliminary analysis of survey data from the OCRP shows that high performing firms develop a dense set of complementarities by establishing strong ties among variables like decentralizing of operations, information technology systems, progressive HRM arrangements, outsourcing, project-based work, horizontal linkages, and decentralized strategy formulation and implementation processes. In contrast, lower performers show strong ties only among variables like decentralized strategy processes and operations, and project work.

Finally, we need to refer to the debate on whether the advantages of the new NFOs can be extended to any type of organization and environment.

One group of scholars maintains that NFOs arise as the universal solution to the problems faced by today's organizations (Bahrami, 1992; Hastings, 1996; Helgesen, 1995). Opposing that view, other researchers suggest that there are contingencies under which either

traditional or newer arrangements work best and, more specifically, they argue that NFOs become particularly useful when dealing with 1) issues of knowledge exploration –rather than exploitation– in multinational environments (Hedlund, 1994), 2) complex, rapidly changing, and turbulent environments in which “projects are unique, require input from various experts, and must be solved creatively” (Baker, 1992: 405), and 3) circumstances in which there is an extreme need for efficient and reliable information, the value of the commodities to be exchanged is not easily measured, and the organization is continuously required to learn and transmit new knowledge and skills (Powell, 1990). In this regard, preliminary analysis of OCRP data shows “knowledge intensity” (proportion of turnover spent on R&D activities) and “international exposure” (percentage of sales outside the firms’ domestic market) as significantly (p-values of, respectively, 0.08 and 0.03) explaining the likelihood of adoption of NFOs (logit regression model’s chi-square = 12.5; p-value = 0.0019).

Characteristics of the new forms of organizing: Strategy, structure, and systems

From a strategic perspective, traditional organizations tended to grow by achieving economies of scale and scope and diversifying their activities (Nohria, 1996). In contrast, it has been suggested that NFOs grow by developing economies of depth (Hedlund, 1994) and by focusing on narrower areas (Hoskisson & Hitt, 1994; Nohria, 1996). Relatedly, most traditional firms concentrate their activities within the company, whereas NFOs both subcontract peripheral activities and enter into alliances with other firms to strengthen their position in regard to their core competencies (Bahrami, 1992).

In terms of their structure there are also basic differences between traditional firms and the NFOs. The two approaches differ, first of all, in their basic operational logic. On the one hand, traditional companies establish a logic of division and differentiation (Hedlund, 1994) which is enforced by internal regulations (Powell, 1990). On the other hand, NFOs follow a logic of combination and integration (Hedlund, 1994) on the basis of complementary strengths (Powell, 1990). The repercussions of these opposing logics can be seen in the separation of responsibilities between line and staff (Bahrami, 1992), the division between conception and execution of the strategy (Helgesen, 1995), the vertically and horizontally differentiated roles of semiautonomous divisions and headquarters (Nohria, 1996) for the traditional firm, while the contrary is true of NFOs: integrated line and staff functions (Bahrami, 1992), combined strategy formulation and implementation (Helgesen, 1995), downsized and delayed structures (Nohria, 1996), and interunit integration and interdependence (Hastings, 1996) through multifunctional teams and open communication across levels (Helgesen, 1995).

Finally, traditional and newer forms of organizing also differ in terms of their systems configurations. Traditional firms develop interunit coordination through “vertical” means such as multilayer planning, top-down resource allocation, and formal performance evaluations from headquarters (Nohria, 1996). By contrast, NFOs co-ordinate much more informally by using “horizontal” mechanisms like cross-functional research and development teams, mutual support and involvement activities through total quality management, and flexible work arrangements, all of which results in decision-making power being pushed down the organization (Hastings, 1996).

Similarly, while control and conflict resolution in traditional firms tends to be based on hierarchical supervision and enforcement (Powell, 1990), NFOs rely more heavily on

self-discipline based on norms of reciprocity, reputation, trust, and even friendship (Hastings, 1996; Powell, 1990).

These organizational traits, which were empirically tested by Nohria (1996) in a sample of Fortune-100 U.S. firms, have also been confirmed for European companies in the OCRP survey. Sampled firms recorded a large increase in their adoption of horizontal linkages since 1992. A third of the companies have removed organizational layers. There has been an increase in both the number of profit centers within the firms and the devolution of responsibilities to business unit management. Most companies have extended their use of sophisticated information systems. Refocusing of activities has also been significant and has been done by narrowing the businesses in which the companies operate and by outsourcing non-core activities. Finally, there has been a significant increase in the number of joint ventures, long term partnerships, and strategic alliances.

New forms of organizing: People management foundations

A systemic view of the firm suggests that changes in its strategy and structure be paralleled by changes in the way it manages its personnel (MacDuffie, 1995; Milgrom & Roberts, 1995; Wright & McMahan, 1992; Quintanilla & Sánchez-Runde, 2000). Allred, Snow, and Miles, for instance, point out that “the evolution of organizational forms has always driven the ingredients and paths of managerial careers” (1996: 17). More specifically, introducing NFOs requires a different view of the foundations upon which personnel practices rest. In this section we will briefly review, from a theoretical perspective, the main differences between the traditional and the new approach to job design and control, leadership, teamwork, managerial roles, selection, careers and development, and reward systems. In the next section, we will review some of those differences in light of the preliminary, empirical results of the OCRP. By so doing, we aim at breaking some ground in the relatively unexplored area of the HRM implications of the new organizing arrangements (Kanter & Eccles, 1992).

Job design and control

Traditional forms of work organization are based on the division of work. As such, they require jobs to be analysed and designed along strict lines of demarcation and then grouped into separate functional units (Daft, 1992). With time, to alleviate some of the strain that rigid job demarcations put on both the employees and the pursuit of efficiency, jobs can be enlarged and enriched so that specialists become more responsible for an increased number of still discrete tasks (Miles & Snow, 1994). This form of work organization is reinforced by issuing formal job descriptions. In this way, stable job structures allow utilising a changing pool of job incumbents, so that robustness is achieved “through a clear structure of specialised roles, where individual parts can be changed through recruitment and interfirm mobility” (Hedlund, 1994: 84).

Control operates in the traditional work organization through direct observation, limited feedback, personal supervision, collection of progress reports, and formal performance evaluation (Miles & Snow, 1994). Hierarchical control is supported by chain-of-command discipline (Ezzamel, Lilley, & Willmott, 1994).

Newer organizational arrangements demand a new way of organizing work. Employees are put in charge of “empowered work” by exercising broad judgement and controlling the resources needed to fully complete their projects (Miles & Snow, 1994). Further, organizations become more “de-jobbed” (Bridges, 1994; Brousseau, Driver, Eneroth, & Rikard, 1996) so that they adapt more easily to change and the management of knowledge work, while facilitating focus on core capabilities (Bridges, 1996). Then, tasks become more important than formal position, while specific projects evolve in response to needs as they arise (Helgesen, 1995), so that multifunctional teams are formed and disbanded through fluid sets of continuously re-negotiated assignments (Ezzamel, Lilley, & Willmott, 1994). In this new scenario, temporary task constellations require permanent pools of people to achieve “the necessary commonality of communicative codes” (Hedlund, 1994: 84). These codes, in turn, depend on improved forms of organization, whereby “an intensified need for frequent communication and interaction across formal boundaries can be created by vague roles and responsibilities” (Baker, 1992: 404).

Finally, control in NFOs unfolds largely through employee self-discipline (Ezzamel, Lilley, & Willmott, 1994; Miles & Snow, 1994).

Teamwork, leadership, and the new managerial roles

Work in teams, while scarce in the traditional approach to work organization, dominates the new organizational arrangements. Team members manage their own resources (planning, scheduling, co-ordination with other teams...), thus resulting in a more disperse decision-making capability (Miles & Snow, 1994). The fact that teams increasingly tend to make their own decisions (Helgesen, 1995) allows a more holistic approach to problem solving than the fragmented view that predated traditional arrangements (Ezzamel, Lilley, & Willmott, 1994).

New forms of work organization through the blurring of job –and functional– barriers and team membership cannot be accomplished unless accompanied by new views on leadership. On the one hand, traditional leaders inspired, controlled, supported, and facilitated utilisation of employees’ functional expertise by means of limited participation in routine matters and, in its most progressive forms, joint goal-setting. On the other hand, new leaders are expected to broaden the responsibilities of all organizational members by investing in employee development, so that people acquire strategic and change expertise (Miles & Snow, 1994). Leadership, therefore, moves from “concentrated” to “distributed” forms (Handy, 1996; Hastings, 1996).

Hand in hand with a renewed approach to leadership, new managerial roles need to be learned by the members of the organization. Traditional roles themselves evolved from what metaphorically have been described with the labels of “policemen” to “father figures” to “mentors” keeping employees focused on their prescribed assignments (Miles & Snow, 1994). Management was then expected to monitor and allocate resources throughout the organization (Hedlund, 1994). The newer approach to role-modelling, however, views managers as venture capitalists helping employee-entrepreneurs develop their own initiatives (Miles & Snow, 1994), and evokes the figures of “catalysts”, “architects”, and “protectors” (Hedlund, 1994).

Consequently, the new organizing arrangements require “an entirely different set of managerial skills” (Nohria, 1996: 52), which in turn poses strong learning challenges for many managers accustomed to the traditional ways.

We now turn to the means and practices (staffing, careers, and compensation) that need to be in place to attract, motivate and retain employees that are able to develop the newly required managerial skills. Before that, however, we need to revise the fundamental changes in the psychological contract linking employees and firms.

The new psychological contract

New forms of organizing imply new forms of commitment from both the employees and the organization. The link between what each party expects from the other, usually referred to as the “psychological contract”, has been recently revised in the light of downsizing experiences and new forms of work organization (Rousseau, 1995). To understand the new written and unwritten agreements, two circumstances need to be pondered. First, new organizational arrangements present a wider array of intra-organizational agreements. In that sense, firms are more willing to differentiate between different types of employees –core and peripheral, for instance– with regard to their criticality for the firm. Of course, managing several sets of contracts within the same firm increases the pressure on the consistency of HRM practices and processes across the organization. Second, more emphasis is put on the variability of time commitments. In this sense, new organizational forms are associated with more precarious relationships between the firm and its employees. Job security and lifetime employment, which were linked to traditional ways of organizing, have given way to shorter-term, “employability” type of arrangements (Bahrami, 92; Nicholson, 96; Nohria, 96).

Frequent changes in the patterns of work organization demand high doses of flexibility, which translates into new agreements with the employees, so that they are willing and able “to go anywhere, at any time, at a moment’s notice, to do anything” (Brousseau, Driver, Eneroth, & Rikard, 1996: 52).

At the same time, and often against the tide of increasingly precarious work relationships, employees’ attitudes in the new organizations differ from those of their counterparts in traditional firms in terms of what they expect from their work: a much more fulfilling, meaningful experience (Steers & Porter, 1991). In this sense, it has been pointed out that “generation X employees don’t care about fancy job titles, are unimpressed with the need to do specific tasks in specific ways merely because a boss wishes them to, and want their work to have meaning” (Brousseau, Driver, Eneroth, & Rikard, 1996: 54), whereas traditional employees used to show less demanding, more moderate expectations (Hastings, 1996).

Staffing practices

The way companies attract, select, train, and develop employees becomes paramount in achieving high-performance organizational arrangements. This is so because “the soft technologies” (ways in which people make connections with each other) need to come first, to form the infrastructure of personal contacts throughout and between organizations. The hard communication technologies (PCs, satellites...), follow to support and enable those personal connections to expand and flourish” (Hastings, 1996: 28). To build that system, firms need to select and develop the right people in the right way. Again, there are important differences between the traditional and the new ways when it comes to designing and implementing staffing practices.

Personnel selection in traditional firms was based on achieving fit either between the employees and their jobs, or between the employees and the culture of the organization

(O'Reilly, Chatman, & Caldwell, 1991). In turbulent environments like the ones facing modern firms pursuing new forms of organizing, companies are expected to continuously redesign their jobs and adapt their cultures to changing competitive challenges. Therefore, NFOs require firms to maintain flexible fits between today's organizational demands and the set of knowledge, skills, and abilities that will be needed tomorrow. That is why recruitment and selection are seen as means to build up a diverse pool of personal capabilities from which changing needs may be satisfied in the future. In this sense, the main criterion for selecting applicants relates to the differential value added by prospective employees and their learning potential, regardless of more specific matches with current job vacancies (Snow & Snell, 1993).

Acquisition of the capabilities that the firm will need in the future is also accomplished by training and development programmes that, again, go beyond the current requirements of the job and related tasks. Thus, NFOs contribute to build up continuous development towards a highly diverse and complementary pool of skills within the firm (Miles & Snow, 1994). The resulting learning experience goes beyond individual capital linked to specialised operations and job divisions: new arrangements rest upon "social capital as the medium for coordination within the organization" (Burt, 1997: 360). This makes the management of knowledge a top priority for non-traditional, dynamic firms (Nonaka & Takeuchi, 1995).

Career management

In few organizational areas has change been more conspicuous during recent years than in the management and design of career systems (Arthur & Rousseau, 1996; Hall, 1996).

Traditional internal labor markets, with their emphasis on somehow paternalistic arrangements (Nicholson, 1996), "no longer define career paths and employment structures" (Nohria, 1996: 51). Vertical movement up the pyramidal hierarchy (Allred, Snow, & Miles, 1996) gives way to lateral mobility in the context of self-managed careers (Nicholson, 1996), where managing personnel flows along and across the organization becomes the individual's –not the organization's– responsibility (Brousseau, Driver, Eneroth, & Rikard, 1996). The traditional career logic "of vertical coordination no longer exists today" (Arthur & Rousseau, 1996: 4).

Not only do career patterns change. They are also transformed into a much more pluralistic set of options: while the linear pattern dominated traditional organizational arrangements, newer forms also require what have been termed "expert", "spiral", and "transitory" career configurations contingent on the firm's strategy and structure (Brousseau, Driver, Eneroth, & Rikard, 1996). The rigidity of traditional career options, therefore, evolves into "cafeteria-style" career management so that employees and organizations can have the type of career systems best aligned to their needs (Brousseau, Driver, Eneroth, & Rikard, 1996).

The new career systems grow closely linked to the changes in the organization of work and the new teamwork and leadership requirements discussed above. Those new systems center around the following characteristics: knowledge-based specialization baselines, cross-functional and international expertise, collaborative leadership and self-management skills, along with personal traits of flexibility, trustworthiness, and integrity (Allred, Snow, & Miles, 1996).

Reward systems

All the changes discussed thus far in the organization of work, teamwork, leadership and managerial roles, staffing practices and career systems affect, in turn, the design and evolution of reward systems in firms that establish new forms of organizing. That is so because rewards are a powerful means to motivate people, and firms are always well advised to try to tie employee behavior to the enactment of key organizational processes (Kerr, 1995).

Compensation cannot be based on job definitions because new systems of work organization continuously blur and change job boundaries (Gerhart, Minkoff, & Olsen, 1995). Similarly, compensation cannot be linked to organizational position because NFOs are much less hierarchical in nature: “An individual’s effectiveness is based on results and credibility, rather than on formal authority, job descriptions, and position in the hierarchy” (Bahrami, 1992: 43). Instead, pay needs to be linked both to performance –at the individual and, specially, group level– and to the acquisition of new skills (Brousseau, Driver, Eneroth, & Rikard, 1996; Nicholson, 1996). These trends, in turn, have been linked to increased flexibility and the reversals in the trend towards specialization that is typical of traditional forms of organizing (Milkovich & Newman, 1994). Switching from paying the job to paying the person results in encouraging the acquisition of new skills, reinforcing both a participative culture and a commitment to employee autonomy and self-management, which is clearly in line with the new requirements of work organization and career systems: “These approaches work best when the individuals have had experience in a variety of functions and business areas. Skill-based pay encourages people to learn horizontal skills. This allows these individuals to see things from other people’s viewpoints, which is especially important in a horizontally oriented organizational structure” (Lawler, 1992: 168).

Introducing changes in the reward system, despite its potential for reinforcing the new forms of organizing, is fraught with difficulties derived from the potentially highly diverse set of individual skills characterizing “cafeteria style” systems and from the need to establish adequate means to certify skill acquisition and development (Lawler, 1992).

In the next section, we will review some preliminary findings from the OCRP on the impact of new forms of organizing on HRM policies and practices.

Preliminary evidence from the “Organizing for the 21st Century” research project

Survey data from the OCRP show that firms are beginning to innovate in the way they manage their personnel. This is reflected in two main tendencies. First, most companies (67% of the sample) report increased adoption of innovative practices like cross-functional and development teams, corporate-wide mission building activities, cross-company conferences involving top management, and increased use of internal labor markets. Second, higher performing companies also showed a high degree of complementarity between these practices, thus supporting current research findings that innovative practices are highly correlated and appear in bundles, forming coherent systems (Huselid, 1995; Ichniowski, 1990; Ichniowski, Shaw, & Prenzushi, 1995).

More specifically, data from the case studies confirm that changing the way work is organized –from divided to integrated work– cascades down into the design and implementation of personnel practices. In one of the largest service companies in Spain, organizing tasks to cover the whole array of possible interactions with customers led to

highly decentralized decision making. At that point, the company moved towards centralizing its selection and training and development. The reason for this paradoxical move lies in the need to maintain a minimum of coherence and cultural identity among the highly decentralized units. Training and development thus acquire a reinforced role as socializing processes in an otherwise dispersed organization.

A similar finding can be reported from a multinational Global Fortune-500 Dutch corporation that struggles between giving support to autonomous local HR functions while at the same time developing regional centers of excellence aimed at giving support and cohesiveness to the local units.

Paramount from the case evidence is the role of the reward and recognition systems. Compensation practices in firms adopting new forms of organizing take account of the fact that salaries cannot be linked to hierarchical position if lateral coordination and exchange among units are to be promoted. That was clearly seen from a leading British industrial corporation where pay was also seen as a powerful means to influence cultural and organizational change. Similarly, in the Dutch company already mentioned, sharing and exchange across teams was facilitated by the fact that pay was not linked to team performance: otherwise, lateral communication of practice would be seen as a distraction from more rewarding, in-group activities. The need to link the reward system to the new structural arrangements was also pointed out by the senior managers of a large European consumer goods company. The problem in this company was that since performance appraisal and rewards were tied to increased profit responsibility and customer responsiveness in local markets, the incentives did not foster participation in informal international networks (which was at odds with the kind of behavior the head office wanted to encourage).

Finding and retaining talent is also a main priority of knowledge intensive firms like the ones that, as we have already reported, are more likely to adopt new ways of organizing. Most of the companies in the study try to cultivate a highly mobile elite that is able and willing to take on assignments across functions, lines of business, and even countries of operations. In one Belgian service company with record figures in terms of annual growth and profitability for the last twenty years, executive development works on the Peter Principle, so that people are promoted until they reach their level of incompetence, at which point they are sent back to the last position in which they excelled. That is, management is willing to adopt an extremely flexible approach to job assignment and development.

The general picture that emerges from the case-study data reflects the importance of the process side of HRM practices as a way to promote and develop the new ways of organizing that we are beginning to witness in today's highly competitive environments.

The challenges ahead for practice and research

Introducing new forms of organizing is not without problems. Some of the problems have to do with inconsistencies among different pieces of the puzzle. Another type of problems relates to our still incomplete understanding of the phenomenon. Yet another set of problems relates to difficulties inherent in the change process from the traditional to the newer way. Let's look at each in turn.

On the one hand, we have seen how the new tacit employment agreement builds more on concepts of employability than job security. As a matter of fact, today there is less and less

guarantee of jobs for life than there used to be in the past. On the other hand, we have also seen that the new arrangements require temporary constellations of tasks with a given pool of people, that is, “long-term tenure within firms, development of interunit networks through personnel transfer and rotation, reward schemas that encourage long-term collaboration and sharing of knowledge, and investment in internal training” (Hedlund, 1994: 84). Of course, the problem is not only from the organizational side. From the individual’s perspective, employees are also more mobile and willing to cross functional and organizational boundaries in pursuit of better growth opportunities (Arthur & Rousseau, 1996). In this scenario, firms may also become increasingly reluctant to invest in lengthy and specialized training without longer-term commitment from their employees.

In terms of achieving a more complete understanding of the new ways of organizing, two points are worth noting. First, we have already seen the practical difficulties of implementing change at a systemic rather than a piecemeal level. This is even more challenging for ongoing concerns, since research shows that whole sets of innovations are more easily introduced in greenfield settings (Lawler, Ledford, & Mohrman, 1989; McCormick, 1991). Second, most of the new ways of organizing are not to be seen as pure alternatives to the traditional forms, rather, “they must be built upon those required by more traditional forms” (Allred, Snow, & Miles, 1996: 25). Therefore, the NFOs are not so much about supplanting traditional forms as about supplementing them (Brousseau, Driver, Eneroth, & Larsson, 1996; Sánchez-Runde & Quintanilla, in press). That, of course, adds some design and implementation tensions to an already complex task. But it may also help achieve the positive outcomes derived from the transition to more sophisticated forms of organizing. The view that “no matter how we try to flatten organizational structures, hierarchy will creep in the back door” (Nicholson, 1996: 50) can then be understood as underlying the need to make the traditional and the newer forms of organizing compatible.

Finally, companies introducing NFOs also need to consider ways to soften the adverse impact that the new forms may have on the less favored individuals. This is specially relevant since the new forms tend to increase the burden of responsibility and accountability for employees, and often the employees are forced to accept the changes under threat of unemployment (Victor & Stephens, 1994). Further, companies need to find ways to lessen the potential for opportunism and apathy derived from a lack of long-term orientation in the employment relationship (Brousseau, Driver, Eneroth, & Larsson, 1996; Smith, 1990). Otherwise, we risk creating a situation like the one described by Handy, in which “half as many people will be employed in the future as are now employed, paid on average twice as well (and working twice as hard) by producing three times as much” (1997: 378). In the last analysis, new forms of organizing will be worth pursuing only to the extent that they contribute to the future well-being of all the organization’s stakeholders.

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