ORGANIZATION
Contemporary Principles and Practice

John Child

INSTRUCTOR'S GUIDE

CONTENTS

Objectives of the Guide

The purpose of this *Instructor's Guide* is to assist teachers in the use of *Organization: Contemporary Principles and Practice* in the classroom. The *Guide* will:

- inform you of the principal features of the book;
- provide a syllabus that can assist you in designing your own course on contemporary organization;
- help you to select cases to use with the text.

PowerPoint slides that summarize key points from each chapter in the book are also available on a separate CD or as downloadable files from the *Organization: Contemporary Principles and Practice* website.

Key Features of the Book

Organization: Contemporary Principles and Practice has been written to introduce students and practicing managers to the key choices involved in the organization of business and other activities. The book is particularly concerned with the contemporary development of what are often called "new organizational forms." Significant changes in organizational form and practice are taking place, which have outstripped their discussion in the literature. Hence, the need for this book, which aims to assist students and practitioners to an awareness of the alternative approaches to organization and the relevant considerations in choosing between them.

My aims in writing the book

I have long felt that most books on the subject of organization are written with insufficient attention to what is actually happening outside business schools and universities. Many are also structured according to academic themes rather than the issues that arise in practice. This distance between academia and practice is neither helpful nor necessary. For, just as the eminent social psychologist Kurt Lewin once observed, "there is nothing so practical as a good theory," so one might add that, equally, "there is nothing better for improving our theories than examining how well they apply in practice." This book is therefore a product of my belief that the systematic examination of what is happening in the practical world of organization, undertaken through good research and consultancy, provides essential insights from which we can derive better analytical tools. It is precisely these tools that should form both the core of our teaching on business and management and a significant aid to practicing managers in the organizational decision-making process.

Back in 1977, in my book *Organization: A Guide to Problems and Practice* (Harper & Row), I applied this perspective to what we today would term "conventional forms of organization." The second edition of this book appeared in 1984, but thereafter I did not have the opportunity to revise it further, largely because of long periods living and working in China in locations where the requisite source materials were simply not available. I also found myself

devoting an increasing amount of attention to the important and fascinating challenges confronting China in the implementation of economic reform, and the problems faced by many of the foreign firms and managers on entry into China. More recently, I have been able to return to my earlier interest in, and teaching on, organization. It soon became apparent that many new developments had emerged and that, rather than revising the earlier book, a new treatment was required.

This book draws upon research and experience to reach an informed view on contemporary organizational practices. It aims to describe the main features of contemporary organization, discern the principles underlying them, and relate them to their contexts. The intention in so doing is to understand and clarify the choices we have in deciding on particular ways of organizing activities. I believe that such choices should be of great concern to all of us. This is because organization is more than just a set of arrangements for achieving desired results through collective effort, vital though this is. The way we organize and govern our companies and other institutions also affects how benefits, opportunities, and privileges are distributed in society. There is increasing evidence that organization has direct effects on our health and personal well-being, some of which is presented in the book's final chapter.

Organization is generally regarded as a subject for managers and students of management, and they will undoubtedly comprise the majority of people who read this book. I also hope, however, that a wider readership may recognize the significance of the issues it addresses. For the reason just mentioned, I passionately believe that organization is a subject of direct and immediate concern to everyone in society. If organization affects all of us in so many ways, we should not be content to leave the decisions about it to "leaders" and "experts." Organization is not simply a technical matter of finding an optimum solution. It should become apparent from a reading of this book that there are usually alternative ways of organizing to meet a given functional requirement, and that the choice between them is as much a matter of social preference as of scientific rationality. It is important to appreciate that there is some choice in the ways that public, industrial, and other institutions can be organized, for it is through the expression of a preference between such choices that we will draw closer to a fully democratic society.

I have been teaching MBA classes and consulting on organization for many years. The preparation of *Organization: Contemporary Principles and Practice* has been greatly assisted by many discussions with members of MBA classes in the Universities of Birmingham, Cambridge, and Hong Kong, who have contributed from their varied experiences of managing and organizing. It has also been significantly informed by the views of executives such as Jack Keenan, Martin Sorrell, and Marc Verstringhe, who themselves have led important new initiatives in management and organization. Although the book concentrates on the organization of business firms, much of its analysis applies to other areas of organized activity. For the benefit primarily of students, the chapters close with questions for discussion and notes on the main sources used. The notes also serve to indicate further reading. Each chapter also begins with a short overview and ends with a summary of key points. The scope and content of the chapters are summarized at the beginning of Chapter 1.

Cases

Case studies I have found useful in teaching on organization are listed in the "Indicative Syllabus for MBA Programs," which begins on page 8 of this Guide. Abstracts of these cases are provided at the end of the Guide.

I hope that users of this book will offer suggestions for further cases, as well as other points for course design and teaching, in the light of their experience.

Other supporting materials

1 PowerPoint slides are available for each chapter of the text.
2 Discussion questions are provided at the end of each chapter.

Content and style

The content and style of *Organization: Contemporary Principles and Practice* reflect my intention to create a book that offers analytical insight, while being both practical and up-to-date. The text is founded on solid research and presented in a format accessible to the busy reader.

In order to achieve these benefits, I have given details of sources in the endnotes to each chapter, so that they do not interrupt the flow of the text. Each chapter starts with a short review of what is covered and each closes with a summary of key points. The chapters provide illustrations and short case examples relating the points made to actual events and practice.

The book's content covers core concepts, issues, and processes relating to the organization of collective activities. Some of these have been inherent to management throughout recorded history; i.e. structure, control, integration, and reward. They are examined principally in Part II of the book. Today, these longstanding concerns are being examined in a new light and addressed in new ways. This lends the subject of organization an excitement that it has not always enjoyed.

New developments are also of profound interest. These arise out of the fundamental changes under way in the configuration of many companies and other organizations, with the shift from self-contained, vertically integrated units toward network forms. These are examined principally in Part III.

Much of the contemporary change and experimentation in organization is arising due to growing pressures from the environment for companies to adapt and innovate, as basic requirements for competitiveness. This context is examined in Part I of the book and particularly in Chapter 2. Moves toward new forms of organization are intended to facilitate the effectiveness of certain processes that support competitiveness. These processes are the subjects of Part IV. One is the successful management of change itself, which has become almost continuous in present business conditions. Others include learning and knowledge creation, good corporate governance, and trust-based relationships. These are requirements that a company must seek to strengthen and evolve over time. The quality of its organization can have a major impact on how well such processes are realized.

How the book is organized

Organization consists of four main parts plus a conclusion.

PART I

This part provides necessary background and looks at the broad picture rather than specifics. The message conveyed by Part I is that *new developments in organization can only be appreciated by reference to the changed context in which business now operates*.

Chapter 1 introduces the nature and contribution of organization. It defines key terms, examines the components of organization, discusses major organizational choices, and identifies signs of organizational deficiency.

Chapter 2 examines the relevance for organization of major developments in the business environment – globalization, new information and communications technologies, the rise of information-intensive and knowledge-based competition, the growing numbers of knowledge workers, and the increasing social expectations being placed on business.

PART II

The chapters in Part II focus on *the internal aspects of organization*.

Chapter 3 is concerned chiefly with hierarchy, a fundamental structural feature of organization. It considers downsizing and delayering, which are moves toward smaller and slimmer management structures. The attempt to reduce hierarchy is often accompanied by the greater use of teams, and teamwork also features in the following chapter as an important means of improving integration.

Chapter 4 considers experience with organizing for better integration. It identifies a range of integrating mechanisms. It also considers the use of cross-functional teams and modern information and communication technologies.

The subject of Chapter 5 is control. This is another fundamental aspect of organizing, where new approaches have been developed to suit modern conditions. The chapter distinguishes between different dimensions of control, and it identifies six principal control strategies.

Chapter 6 examines reward policies and the contribution they make toward reconciling managerial requirements with employee needs. It considers the practical implications of three major theoretical perspectives on reward: equity theory, expectancy theory, and conditioning.

Chapter 7 recognizes the importance of pay within the spectrum of reward. It devotes particular attention to considerations relevant to the choice between, and combination of, alternative payment systems. Recent trends in payment systems are also discussed.

PART III

The chapters in Part III turn outward beyond the conventional boundaries of organizations to examine a range of *networked forms that span traditional boundaries*. They discuss various

arrangements that involve networking between firms and across national boundaries. One of the main features of new organization lies in how it opens up these boundaries through outsourcing, virtual value chains, alliances, and the multinational corporation (MNC). These have led some commentators to speak of the "boundaryless organization."

Chapter 8 examines outsourcing of manufacturing and services. It discusses the attractions of outsourcing as well as problems that can arise with it, and the salient considerations when making a decision on the issue.

Chapter 9 looks at the special, but increasingly significant, case of "virtual" organization based on e-commerce and similar strategies.

Chapter 10 is concerned with the particularly challenging case of hybrid organization, when two or more partners form a strategic alliance on a formal basis, e.g. a joint venture, in which they invest equity, management, and other resources.

Chapter 11 turns to the crossing of another kind of boundary, that of nationality. It considers the organizational challenges of managing across borders, for both MNCs and small and medium-sized enterprises (SMEs).

PART IV

The chapters in Parts II and III are largely concerned with the structures and mechanisms that facilitate ongoing processes. These should permit, and even encourage, a company to evolve successfully through adaptation and innovation. Successful evolution, however, requires further specific capabilities – those of *managing change, learning, generating trust, and securing legitimacy for corporate governance*. These abilities can be promoted in part by appropriate organizational policies, but they also rely significantly on the integrity and ethos of management. The chapters in Part IV examine in turn each of these capabilities for evolving effective organizations.

Chapter 12 identifies the policies and practices that facilitate major change in companies when events and trends require it. It distinguishes between different types of change, such as planned and emergent change. The latter is also considered in Chapter 13, in connection with organizational learning. Requirements for achieving successful change are discussed, including the use of pilot projects and external advisors, and the role of participation.

Chapter 13 focuses on the impact organization can have on learning and knowledge creation within companies. It draws attention to the strategic importance of organizational learning under contemporary conditions, and how it can be fostered both within organizations as well as through alliances between them.

Chapter 14 recognizes that managers are coming to place increasing value on trust in business and employment relationships. It identifies different forms of trust and their foundations. The chapter then identifies organizational policies that can promote trust.

Chapter 15 recognizes the growing social demands for a wider and more transparent corporate accountability and the relation that organization has to these. This chapter notes the problem of double agency in larger-scale organizations and focuses on the implications of new organizational forms for corporate governance. Ways forward are suggested.

CONCLUSION

Chapter 16 steps back from the detail of previous chapters to make sense of the varied pictures of organization that they present. It does this by distinguishing the two faces of organization. One is a set of arrangements for undertaking collective, goal-directed activities in a cohesive and coherent manner. This is the side of organization that contributes to meeting strategic needs; a consideration of how these needs are changing helps us to make better sense of present organizational forms. The other face of organization is a set of arrangements that distributes power, rewards, and personal well-being. If this aspect of organization is seen to be failing, it will have deleterious performance effects as well as calling the legitimacy of business into question. Some firms have taken organizational initiatives to address this problem, and these are described.

◢ Designing Your Course on Contemporary Organization

How can the course fit into your program?

Virtually every business and management degree program, both masters and undergraduate, contains one or more course(s) on organization. There is often an introductory course on organizational behavior, which may be complemented, or followed, by one on organizational theory. *Organization: Contemporary Principles and Practice* can be used to build on introductory courses such as these to apply their insights to issues that arise in practice. Students who have the benefit of some working experience, such as those on MBA programs, can also use the book to advantage, even though their previous academic study of organization may be more limited.

Balance between exposition/lecture and case discussion

As mentioned already, this book has been written in the belief that good concepts and theory are complementary to an exposure to practice. It therefore sets out ways of analyzing the issues arising in each topic area, while at the same time including illustration and reference to case material wherever possible. I find that this balanced combination is valuable in the classroom, when teaching on organization. My experience is that the frameworks for analyzing organizational issues and choices are relatively easy for students to understand, but that the more demanding challenge lies in their application to specific situations. This is where the real learning takes place.

I normally devote a week to each main topic in the indicative syllabus shown below. I either divide a three-hour session into two main parts or take two shorter classes at different times.[1] Students are required to prepare the assigned case or topic for discussion and also

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1 If a three-hour session is offered, I find it advisable to allow for two rest breaks in order to maintain participants' levels of attention. For example, if it is decided to start the session with a case presentation, one break can come after the presentation, and the other can follow the end-of-class discussion, before the instructor's input.

to read the relevant chapter of the textbook. Groups of students are nominated in turn to make a presentation of the case or to lead the discussion. This group is expected to have read the rest of the suggested reading for the topic. I find it normally generates more interest to have the first part of the session, or the first class of the week, devoted to class discussion of the assigned work. I then use the second session or class to generalize the issues arising from the case or assignment and to reinforce the learning with a deeper explanation and illustration of the key concepts, frameworks, and choices. The main exception comes with the very first session, which usually takes place before there has been an opportunity to form and brief student presentation groups. In the first session, I normally start by introducing the course and some basics about organization, and then follow this by asking the class as a whole to take part in the discussion exercises shown in the indicative syllabus. For many of the sessions in the indicative syllabus, I have suggested more than one case study so as to provide the instructor with some choice. Since the availability of good case studies for some of the very contemporary topics is still quite limited, I should be very grateful to hear from you if you have found better or equally good alternatives.

The order of topics

The book orders its topics in a logical fashion, progressing from an introduction, through the internal aspects of organization, to boundary-crossing and networking aspects, then to a consideration of key processes, and finally to a more general analysis that addresses the functional and social aspects of organization. In this scheme, there is some building in later chapters on points made in earlier ones. For instance, the discussion in Chapter 13 of team-work in connection with organizational learning benefits from the earlier consideration in Chapter 4 of organizational mechanisms, such as team working, that facilitate communication and integration.

Other orderings of topics are possible, however. One of the fundamental points the book makes is that forms of organization are changing to accord with new conditions in the economic, political, and social environments. It would be possible therefore to devote several sessions of a course to those contexts at the outset, thereby establishing a strong "macro" orientation for the students. Another possibility would be to associate the analysis in the book's conclusion (Chapter 16) of the "needs" that organization has to meet with an extended consideration of the changing environment, building on what is offered in Chapter 2.

INDICATIVE SYLLABUS FOR MBA PROGRAMS[2]

ORGANIZATION
Contemporary Principles and Practice

◀ **Rationale**

Under the impact of globalization, new information and communications technologies, and the growth of transnational corporations, major changes are taking place in the ways that business is organized. The ability to organize so as to combine efficiency with adaptability and innovation under conditions of hypercompetition and high uncertainty is regarded as one of the few remaining inimitable competitive advantages that firms can possess. Important new forms of organization are consequently being developed in the bid to secure such advantages. The successful implementation and updating of these new forms presents an equally significant challenge and explains the importance many companies now attach to achieving learning and change.

◀ **Key Learning Objectives**

1   Introduce the nature and challenge of organization in the modern business world, including the key dilemmas that have to be resolved.
2   Provide an understanding of the fundamentals of organizing, including hierarchy, control, integration, and reward.
3   Examine new and evolving organizational forms with a focus on key developments concerning high-performance internal forms, as well as network forms and the organization of international business.

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2   This syllabus closely follows the one I have developed in recent years at the Universities of Birmingham, Cambridge, and Hong Kong. I have sometimes had to reduce its scope to accommodate to shorter program module lengths.

4   Provide an insight into managing the processes that accompany effective organization, including change, organizational learning, building trust, and ensuring good governance.

5   Overall, to help program participants make better sense of organizational choices suited to the contemporary environment.

◢ List of Subjects To Be Covered

The following are the topics covered by this syllabus. Each topic has a corresponding chapter in *Organization: Contemporary Principles and Practice*.

Session 1   Introduction to Organization
Session 2   New Conditions, New Organization
Session 3   Simpler Structures
Session 4   Achieving Integration
Session 5   Control
Session 6   Questions of Reward
Session 7   Payment Systems
Session 8   Outsourcing
Session 9   Virtual Organization
Session 10   Strategic Alliances
Session 11   Organizing across Borders
Session 12   Effecting Organizational Change
Session 13   Organizing for Learning
Session 14   Generating and Utilizing Trust
Session 15   Corporate Governance in New Organizational Forms
Session 16   Making Sense of Organization

◢ PART I   THE BROAD PICTURE

Session 1   Introduction to Organization

TOPICS

- Key terms: organizing, organizations, and organization
- Components of organization
- Main organizational choices
- Signs of organizational deficiencies
- Strategic contribution of organization

SUGGESTED READING

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 1.
John Child and Rita G. McGrath (eds.), Special research forum on "New and evolving organizational forms." *Academy of Management Journal*, 44(6), 2001.

Gareth R. Jones, *Organizational Theory: Text and Cases*, 3rd edn. Upper Saddle River, NJ: Prentice-Hall, 2001, chapter 2.

David A. Nadler and Michael L. Tushman, *Competing by Design*. New York: Oxford University Press, 1997, chapters 2, 3, and 4.

CLASS DISCUSSION

1   Consider the different organizational needs of the Kinko Company and the Los Alamos National Laboratory (Source: Jones, 2001, p. 31).
    1.1   What were the problems facing Kinko's managers?
    1.2   What changes in organization are being proposed?
    1.3   What contributions to performance are the changes expected to make?
2   In a typical MBA class, students are asked to apply the checklist for symptoms of organizational design deficiencies to the unit in which they were previously working or studying. See Box 1.7, chapter 1 of Child (2005).

Session 2   New Conditions, New Organization

TOPICS

- The retreat from conventional forms of organization
- Contrasts between conventional and new organizational forms
- New conditions for organization
- Implications for organization

SUGGESTED READING

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 2.

John Child and Rita G. McGrath (eds.), Special research forum on "New and evolving organizational forms." *Academy of Management Journal*, 44(6), 2001.

David W. Cravens, Nigel F. Piercy, and Shannon H. Shipp, "New organizational forms for competing in highly dynamic environments: the network paradigm." *British Journal of Management*, 7, 1996, 203–218.

Gregory G. Dess, Abdul M. A. Rasheed, Kevin J. McLaughlin, and Richard L. Priem, "The new corporate architecture." *Academy of Management Executive*, IX(3), 1995, 7–18.

Anne Y. Illinitch, Richard A. D'Aveni, and Arie Y. Lewin, "New organizational forms and strategies for managing in hypercompetitive environments." *Organization Science*, 7, 1996, 211–220.

Thomas W. Malone, Robert Laubacher, and Michael S. Scott Morton (eds.), *Inventing the Organizations of the 21st Century*. Cambridge, MA: MIT Press, 2003, chapter 15.

Organization Science, focused issue on "Coevolution of strategy and new organizational forms," 10(5), 1999.

Andrew M. Pettigrew, Richard Whittington, Leif Melin et al. (eds.), *Innovative Forms of Organizing*. London: Sage, 2003, chapter 1.

CLASS DISCUSSION

Case study: Bertelsmann: Corporate Structures for Value Creation (B). INSEAD 2004. Case reference: 404-044-1.[3]

Case study: Winfried Ruigrok, Leona Achtenhagen, Johannes Rüegg-Stürm and Mathias Wagner, "Hilti AG: shared leadership and the rise of the communicating organization," chapter 6 in Andrew M. Pettigrew and Evelyn M. Fenton (eds.), *The Innovating Organization*. London: Sage, 2000. Discuss how this case illustrates developments in the company's organization made to meet the changing conditions it experienced.

◢ PART II NEW INTERNAL FORMS

Session 3 Simpler Structures

TOPICS

- Hierarchy
- Emergence of hierarchy
- Negative features of hierarchy
- Moves to reduce hierarchy
- Delayering
- Downsizing

SUGGESTED READING

Wayne F. Cascio, *Responsible Restructuring*. San Francisco, CA: Berrett-Koehler, 2002.

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 3.

Elliott Jaques, "In praise of hierarchy." *Harvard Business Review*, January–February, 1990, 127–133.

Gareth R. Jones, *Organization Theory: Text and Cases*. Reading, MA: Addison-Wesley, 2001, chapter 3.

Andrew M. Pettigrew and Evelyn M. Fenton (eds.), *The Innovating Organization*. London: Sage, 2000.

CLASS DISCUSSION

Case study: General Motors. How did this giant corporation manage to reverse its decline? To what extent was restructuring part of the solution?

- "The shake-up in GM's hierarchy," in Jones (2001, p. 90).
- "The decline and fall of General Motors," *The Economist*, October 10, 1998, pp. 93–94, 97.
- Special report: General Motors, *The Economist*, January 24, 2004, pp. 67–69.

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3 Case reference numbers are those cited in the European Case Clearing House Catalogue, www.ecch.cranfield.ac.uk.

Analysis: Responsible restructuring. Examine the case studies reported in Cascio (2002, chapter 5). Consider whether their restructuring strategies are ones that can always be emulated or not.

Session 4   Achieving Integration

TOPICS

- Integration: the concept
- Analyzing the need for better integration
- Integration capability
- Integration mechanisms
- Cross-functional teams

SUGGESTED READING

Nils Brunsson, "Standardization as organization." In Morton Egeberg and Per Loegreid (eds.), *Organizing Political Institutions*. Oslo: Scandinavian University Press, 1999, chapter 6, pp. 109–128.

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 4.

Jay Galbraith, *Competing with Flexible Lateral Organizations*, 2nd edn. Reading, MA: Addison-Wesley, 1994.

Paul R. Lawrence and Jay W. Lorsch, *Organization and Environment: Managing Differentiation and Integration*. Boston, MA: Harvard Business School Press, 1968.

David A. Nadler and Michael L. Tushman, *Competing by Design*. New York: Oxford University Press, 1997, chapter 6.

Richard S. Wellins, William C. Byham, and George R. Dixon, *Inside Teams: How 20 world-class organizations are winning through teamwork*. San Francisco, CA: Jossey-Bass, 1994.

CLASS DISCUSSION

Case study: "Ramrod" Stockwell. Case 17 in Gareth R. Jones, *Organization Theory: Text and Cases*. Reading, MA: Addison-Wesley, 2001, pp. 575–578.

Case study: SMH Swatch, in Nadler and Tushman (1997, especially pp. 71–72, 85–86).

Case study: Hannaford Brothers Company, in Wellins et al. (1994, pp. 179–191).

Session 5   Control

TOPICS

- Control: the concept
- Foundations for control
- Strategic and operational control

- Key variables of control
- Strategies of control
- Conventional and newer approaches to control
- Control strategies and relevant contingencies

SUGGESTED READING

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 5.

Anne-Wil Harzing, *Managing the Multinationals: An International Study of Control Mechanisms*. Cheltenham: Edward Elgar, 1999, pp. 7–31.

Paul Thompson and David McHugh, *Work Organizations*, 3rd edn. Basingstoke: Palgrave, 2002.

CLASS DISCUSSION

Case study: "Dear home office: Do you read me?" in Robert D. Joyce, *Encounters in Organizational Behavior*. New York: Pergamon Press, 1972, pp. 17–19.

Case study: Internal Governance and Control at Goldman Sachs: Block Trading. Harvard Business School, 2003. Case reference: 9-904-026.

Session 6 Questions of Reward

TOPICS

- Reward and organization
- Forms of reward
- Managerial and employee criteria for rewards
- Equity theory
- Expectancy theory
- Conditioning theory

SUGGESTED READING

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 6.

Steve Kerr, "On the folly of rewarding A, while hoping for B." *Academy of Management Journal*, 18, 1975, 769–783.

Edward E. Lawler III, *Rewarding Excellence*. San Francisco, CA: Jossey-Bass, 2000.

Eugene McKenna, *Business Psychology and Organizational Behaviour*, 3rd edn. Philadelphia, PA: Taylor & Francis, 2000, chapter 17.

CLASS DISCUSSION

Case study: Reward policy in relation to HR policies in general. Nucor Corps' Organizational Culture, ICFAI Center for Management Research (ICMR), India 2004. Case reference: 404-003-1. Teaching note reference: 404-003-8.

Case study: Bank of America (A). Harvard Business School, 2002. Case reference: 9-603-022.

Session 7 Payment Systems

TOPICS

- Importance of pay
- Different payment systems
- Contingencies relevant to choice of payment system
- Myths about pay
- Current trends in pay policy

SUGGESTED READING

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 7.

Rabindra Kanungo and Manuel Mendonca, *Compensation: Effective Reward Management*, 2nd edn. Toronto: John Wiley & Sons, 1997.

Edward E. Lawler III, *Pay and Organizational Effectiveness*. New York: McGraw-Hill, 1971.

Jeffrey Pfeffer, "Six dangerous myths about pay." *Harvard Business Review*, May–June, 1998, 109–119.

CLASS DISCUSSION

Case studies of reform in payment systems:

1 "Building a new pay framework," *IRS Employment Review*, no. 758, August 19, 2002, 25–28.

2 Malcolm Higgs and Hamish Renton, "Recognition and rewards," *IRS Employment Review*, no. 781, August 1, 2003, 20–23.

◢ PART III   NEW NETWORK FORMS

Session 8   Outsourcing

TOPICS

- Nature of outsourcing
- Scale of outsourcing
- Outsourcing of manufacturing

- Outsourcing of services
- Attractions of outsourcing
- Problems with outsourcing
- Reaching a decision on outsourcing

SUGGESTED READING

Jérôme Barthélemy, "The seven deadly sins of outsourcing." *Academy of Management Executive*, 17, 2003, 87–98.

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 8.

Stephen J. Doig, Ronald C. Ritter, Kurt Speckhals, and Daniel Woolson, "Has outsourcing gone too far?" *McKinsey Quarterly*, (4), 2001, 25–37.

Sally Heavens and John Child, with Marc Verstringhe, *Managing to Serve: Learning from Catering & Allied*. Cambridge: RH Business Books, 2002, chapter 6.

The Economist, "A world of work," A survey of outsourcing, November 13, 2004.

CLASS DISCUSSION

Case study: Liverpool City Council (B): Co-Sourcing Public Services Through a Joint Venue with BT. IMD, Lausanne 2003. Case reference: IMD-3-1290.

Discussion question: Referring to evidence of recent trends in outsourcing and offshoring, do you regard these as a fundamental shift in the way work is being organized and integrated, or a phenomenon confined to certain activities only and whose significance is being exaggerated?

Suggested sources: *Business Week*, *The Economist*, Dun & Bradstreet Barometer of Global Outsourcing: www.dnb.com.

Session 9   Virtual Organization

TOPICS

- Forms of VO
- Potential benefits of VO
- Drivers for VO
- Conditions for viability of VO
- Limitations of VO
- Deciding between VO and conventional organization
- Managing the VO
- Virtual team working

SUGGESTED READING

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 9.

Michael Dell, *Direct from Dell*. New York: HarperBusiness, 2000.

Bo Hedberg, Göran Dahlgren, Jörgen Hansson, and Nils-Göran Olve, *Virtual Organizations and Beyond: Discover Imaginary Systems.* Chichester: John Wiley & Sons, 1997.

Thomas W. Malone and Robert J. Laubacher, "The dawn of the E-lance economy". *Harvard Business Review*, September–October, 1998, 145–152.

Remo Häcki and Julian Lighton, "The future of the networked company." *McKinsey Quarterly*, (3), 2001, 26–39.

Stacie A. Furst, Martha Reeves, Benson Rosen, and Richard S. Blackburn, "Managing the life cycle of virtual teams." *Academy of Management Executive*, 18, 2004, 6–20.

Malcolm Warner and Morgen Witzel, *Managing in Virtual Organizations*. London: Thomson, 2003.

CLASS DISCUSSION

Case study: Dell Computers.

- Joan Magretta, "The power of virtual integration: an interview with Dell Computer's Michael Dell." *Harvard Business Review*, March–April, 1998, 73–84.
- Michael Dell, *Direct from Dell*. New York: HarperBusiness, 2000, especially chapter 7 and pp. 195–196, 215–218.
- "What you don't know about Dell." *Business Week*, November 3, 2003, 46–54.

Case study: the B2 Stealth Bomber. Nicholas S. Argyres, "The impact of information technology on coordination: evidence from the B-2 Stealth bomber." *Organization Science*, 10, 1999, 162–180.

Session 10   Strategic Alliances

TOPICS

- What is an alliance?
- An instrument of cooperative strategy
- Alliance forms
- Organizational challenges posed by alliances
- Alliance configurations
- Alliance management

SUGGESTED READING

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 10.

John Child, David Faulkner, and Stephen Tallman, *Cooperative Strategy*. Oxford: Oxford University Press, 2005.

Farok J. Contractor and Peter Lorange (eds.), *Cooperative Strategies and Alliances*. Oxford: Pergamon Press, 2002.

Pierre Dussauge and Bernard Garrette, *Cooperative Strategy: Competing Successfully through Strategic Alliances*. Chichester: John Wiley & Sons, 1999.

Andrew Inkpen, "Strategic alliances," in Alan M. Rugman and Thomas L. Brewer (eds.), *The Oxford Handbook of International Business*. Oxford: Oxford University Press, 2001, pp. 402–427.

Aimin Yan and Yadong Luo, *International Joint Ventures: Theory and Practice*. Armonk, NY: M.E. Sharpe, 2001.

CLASS DISCUSSION

Case study: Queensland Minerals Limited. Richard Ivey School of Business, University of Western Ontario, Case # 9A-92-G009.

Case study: Wil-Mor Technologies, Inc. Richard Ivey School of Business, University of Western Ontario, Case # 9A-99M-042.

Session 11   Organizing across Borders

TOPICS

- Globalization
- Strategies for global expansion
- Organizational implications of global strategies
- Characteristics of the MNC
- The TNC model – making it work
- Internationalization of SMEs

SUGGESTED READING

Chris Bartlett and Sumantra Ghoshal, *Managing across Borders*. Boston, MA: Harvard Business School Press, 1998.

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John Child, *Organization*. Oxford: Blackwell, 2005, chapter 11.

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Thomas W. Malnight, "Emerging structural patterns within multinational corporations: toward process-based structures." *Academy of Management Journal*, 44, 2001, 1187–1210.

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Case study: Eli Lilly

- Michael Y. Yoshino and Thomas W. Malnight, *Eli Lilly – 1998 (b): Emerging Global Organization*. Harvard Business School, 1999. Case reference no: 9-399-174.
- Malnight (2001).

◢ PART IV   ACHIEVING EFFECTIVE ORGANIZATION

Session 12   *Effecting Organizational Change*

TOPICS

- The challenge of organizational change
- Context of change
- Varieties of organizational change
- Transformation and change
- Process of change
- Issues in planning change
- Balancing demand and capacity for change
- Business process reengineering

SUGGESTED READING

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 12.
Patrick Dawson, *Reshaping Change: A Processual Perspective*. London: Routledge, 2003.
John P. Kotter, *Leading Change*. Boston, MA: Harvard Business School Press, 1996.
David A. Nadler and Michael L. Tushman, *Competing by Design*. New York: Oxford University Press, 1997, chapters 9 and 10.

CLASS DISCUSSION

Case study: Adler Modemärkte. Camilla Krebsbach-Gnath, "Applying theory to organizational transformation," in Meinolf Dierkes, Ariane Antal, John Child, and Ikujiro Nonaka (eds.), *Handbook of Organizational Learning*. Oxford: Oxford University Press, 2001, chapter 40, pp. 886–901.
Case study: Nissan's U-Turn: 1999–2001. INSEAD 2003. Case reference no. 303-046-1.

Session 13   *Organizing for Learning*

TOPICS

- Strategic importance of organizational learning
- Nature of organizational learning
- Requirements for organizational learning
- Learning through alliances
- Implications for practice

SUGGESTED READING

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 13.

John Child, "Organizational learning," in David O. Faulkner and Andrew Campbell (eds.), *The Oxford Handbook of Strategy*. Oxford: Oxford University Press, 2003, pp. 437–465.

Sally Heavens and John Child, with Marc Verstringhe, *Managing to Serve: Learning from Catering & Allied*. Cambridge: RH Business Books, 2002, chapter 7.

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Cases from Israel: Victor J. Friedman, Raanan Lipshitz, and Wim Overmeer, "Creating conditions for organizational learning," in Meinolf Dierkes, Ariane Antal, John Child, and Ikujiro Nonaka (eds.), *Handbook of Organizational Learning*. Oxford: Oxford University Press, 2001, chapter 34, pp. 757–774.

Discussion: Frank J. Barrett, "Creativity and improvisation in jazz and organizations: implications for organizational learning." *Organizational Science*, 9, 1998, 605–622.

Session 14 *Generating and Utilizing Trust*

TOPICS

- What is trust?
- Benefits of trust
- Generating and sustaining trust
- Guidelines for cultivating trust

SUGGESTED READING

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 14.

R. M. Kramer and T. R. Tyler (eds.), *Trust in Organizations: Frontiers of Theory and Research*. Thousand Oaks, CA: Sage, 1996.

Christel Lane and Reinhard Bachmann (eds.), *Trust Within and Between Organizations*. Oxford: Oxford University Press, 1998.

Organization Science, Special Issue on "Trust in an Organizational Context," 14, 2003.

Organization Studies, Special Issue on "Trust and Control in Organizational Relations," 22, 2001.

CLASS DISCUSSION

> *Case study*: The Army Crew Team. Harvard Business School 2003. Case reference no. 0-403-131.

Session 15 Corporate Governance in New Organizational Forms

TOPICS

- Growing concern about corporate governance (CG)
- The agency problem
- Problems of CG in conventional organization
- Problems of CG in new organizational forms
- Devolved initiative
- Partnerships
- Ways forward

SUGGESTED READING

> Margaret Blair, *Ownership and Control: Rethinking corporate governance for the twenty-first century*. Washington, DC: The Brookings Institution, 1995.
>
> John Child, *Organization*. Oxford: Blackwell, 2005, chapter 15.
>
> John Child and Suzana B. Rodrigues, "Corporate governance and new organizational forms." *Journal of Management and Governance*, 7, 2003, 337–360.
>
> Wayne F. Cascio, *Responsible Restructuring*. San Francisco, CA: Berrett-Koehler, 2002, chapter 1, "Restructuring in Perspective."
>
> Christine A. Malin, *Corporate Governance*. Oxford: Oxford University Press, 2004.

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> *Case study*: Restoring Trust at Worldcom. Harvard Business School, 2004. Case reference no. 9-404-138.
>
> *Case study*: Nike's Labor Practices. ICFAI Center for Management Research, India 2002. Case reference no. 702-021-1.

◢ CONCLUSION

Session 16 Making Sense of Organization

TOPICS

- Organizational forms and strategic needs
- Adaptability, innovation, efficiency

- Hybrid organizational forms
- The social face of organization

SUGGESTED READING

Gregory A. Bigley and Karlene H. Roberts, "The incident command system: high reliability organizing for complex and volatile task environments." *Academy of Management Journal*, 44, 2001, 1281–1299.

John Child, *Organization*. Oxford: Blackwell, 2005, chapter 16.

Nicolai J. Foss, "Selective intervention and internal hybrids: interpreting and learning from the rise and decline of the Oticon Spaghetti Organization." *Organizational Science*, 14(3), 2003, 331–349.

Jody H. Gittell, *The Southwest Airlines Way*. New York: McGraw-Hill, 2002.

Robert E. Quinn and Kim Cameron, *Paradox and Transformation*. Cambridge, MA: Ballinger, 1988.

James G. March, "Exploration and exploitation in organizational learning." *Organization Science*, 2, 1991, 71–87.

Andrew M. Pettigrew and Evelyn M. Fenton (eds.), *The Innovating Organization*. London: Sage, 2000.

Andrew M. Pettigrew, Richard Whittington, Leif Melin et al. (eds.), *Innovative Forms of Organizing*. London: Sage, 2003.

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Case study: Semco

- Ricardo Semler and Semco S. A. Thunderbird, The American Graduate School of International Management, case study A07-98-0024, 1998.
- Ricardo Semler's Employee Empowerment Strategies at Semco, ICFAI Business School Case Development Center, India, 2004.
- Ricardo Semler, *Maverick*. New York: Random House, 2001.
- Ricardo Semler, *The Seven-Day Weekend*. London: Random House, 2003.

Case study: Kevin Freiberg and Jackie Freiberg, *Nuts! Southwest Airlines' Crazy Recipe for Business and Personal Success*, New York: Texere 2004, chapters 7–10.

Case study: The Redesigned Office. Zicklin School of Business, Baruch College, NY. 2001. Two parts (401-005-1 and 401-006-1).

ABSTRACTS OF CASE STUDIES INCLUDED IN THE INDICATIVE SYLLABUS

Bertelsmann: Corporate Structures for Value Creation (B). INSEAD, 2004
[This is the second of a two-case series.] This case picks up after the ousting of the former CEO of Bertelsmann, following his attempts to push the company forward in its exposure to the capital markets, and the extent of corporate synergies. It shows how unforgiving the New Economy could be to dreams of internet driven synergies. It also shows how business unit profitability remains a key concern, and especially as economic conditions change, although ideas for greater cooperation are not lost but re-sized.

Hilti AG: Ruigrok et al. (2000, pp. 178–207)
Hilti AG is located in the Principality of Liechtenstein, a small state between Austria and Switzerland. The company offers professional users in the construction industry a comprehensive program of drilling and demolition systems, direct fastening, anchors, diamond systems, and construction chemicals. It considers its core competency to be high quality innovations, stimulated by close contacts with its customers. The case presented in this chapter traces the evolution of the company's organization from 1941 to the end of the 1990s. It provides a good example of a company experimenting with new forms of organizing, as it goes beyond the implementation of empowerment, which has often been cited as one of the key new trends in the area of human resource management. Within Hilti, the notion of empowerment is considered to be still too hierarchical, and instead the company has encouraged employees actively to seek responsibility rather than being asked to take it on. Extensive communication provides the means for creating the spirit of shared leadership throughout the organization.

General Motors
This selection of materials illustrates how a giant corporation managed to reverse its decline, although continuing to face fierce competition. When reading the evidence and comment offered, students are invited to consider ways in which organizational restructuring contributed to GM's recovery alongside other changes in strategy, model rationalization, labor relations, and so forth.

- "The shake-up in GM's hierarchy," in Jones (2001, p. 90).
- "The decline and fall of General Motors," *The Economist*, October 10, 1998, pp. 93–94, 97.
- Special report: General Motors, *The Economist*, January 24, 2004, pp. 67–69.

Responsible Restructuring

Chapter 5 of Cascio (2002) contains several case study vignettes of companies that, when faced with competitive pressures, have found creative alternatives to downsizing their workforces. The organizations featured include Charles Schwab & Company, Compaq Computer, Cisco Systems, Intel, Acxiom, Sage Software, and Proctor & Gamble. These examples raise the question as to whether their restructuring strategies are ones that can always be emulated.

"Ramrod" Stockwell: Jones (2001, case 17, pp. 575–578)

This case illustrates the pressures that come to bear on the relationship between the production and sales departments of a company as it diversifies from its standard products into specialty steels. Several factors may be contributing to the problems experienced. One is the personality of the production manager. Another is the dominance of a sales culture within the company that may be provoking defensive behavior among production staff. A third is the failure to install new systems for improving communication and decision making between production and sales when the company diversified. The case invites students to consider the role of mechanisms for organizational integration as against cultural and personality factors.

SMH Swatch: Nadler and Tushman (1997, chapter 5)

Two giants of the Swiss watch industry, SSIH and ASUAG, both faced bankruptcy in the face of low-cost competitors from Japan, Hong Kong, and the USA who had adopted new electronic technologies in watch design. When Swiss bankers took over the two companies, they combined them into a new company called SMH. They asked Nicholas Hayek, the founder of one of Switzerland's leading consultancy companies, to advise them on how to save the combined operation. They then persuaded him to purchase a controlling stake in SMH and become its CEO.

The operation that Hayek took over was extremely fragmented. It had a collection of over 100 different brands, each with its own research and development, manufacturing, and marketing functions. The brands were mostly aimed at customers in countries around the world. So when it was formed, SMH was a hodgepodge of competing fiefdoms. In order to restore a competitive edge and profitability to SMH, Hayek had to find a way of integrating across functions, business units, and countries.

Hannaford Brothers Company: Wellins et al. (1994, pp. 179–191)

This case relates how the planning of a new distribution center provided Hannaford Brothers – a major supermarket in the Northeast states of the USA – with an opportunity to adopt a new organization based on cross-functional teams. The introduction of the new organization is described, together with training and development to support its operation. The results were highly favorable in terms of operational costs, team-initiated improvements, staff morale, and responsiveness to store requirements.

"Dear home office: Do you read me?" (**Joyce, 1972, pp. 17–19**)
This case concerns the frustrations of "Hap" Clonninger, an outstanding and experienced life insurance salesman, at having to complete a narrative report each month that he discovers nobody in management bothers to read. The report is intended to assist inexperienced salespersons to plan their work ahead, but it appears to have no relevance to Clonninger. The case raises the questions of whether bureaucratic controls should be applied uniformly to all employees, regardless of their personal strengths or weaknesses.

Internal Governance and Control at Goldman Sachs: Block Trading.
Harvard Business School, 2003
Although the explicit problem in this case concerns pricing a block trade, the real issue involves the decision-making and oversight processes used to arrive at a price that is appropriate for both client and Goldman Sachs. The case asks students in assignment questions to map the decision and control processes used in this core activity and then to reflect on whether these processes are sustainable and open to assessment as Goldman Sachs grows from 5,000 employees to 20,000 employees within a 5-year period. Goldman Sachs's decision and control processes are based, at root, on trust, so the question becomes whether and how a culture based on trust is measurable.

Nucor Corps' Organizational Culture. ICFAI Center for Management Research
(ICMR), India 2004
The case examines the organizational culture at Nucor and the way in which it led to the success of the company. The policies and mechanisms adopted by Nucor's management to encourage productivity and profitability are also discussed. The case takes a close look at Nucor's recruitment, reward systems, and work culture. The case also discusses the various criticisms leveled against Nucor's human resources (HR) policies. The case is structured to enable students to: (1) understand the role of top management in shaping the culture of an organization; (2) understand the role played by HR policies in the success of an organization; (3) understand how an open culture can encourage employees to be more productive; and (4) understand the contribution of culture to a company's survival in a turbulent economic environment.

Bank of America (A). Harvard Business School, 2002
This case describes how the Bank of America is creating a system for product and service innovation in its retail banking business. Emphasis is placed on the role of experimentation in some two-dozen real-life "laboratories" that serve as fully operating banking branches and sites for testing new ideas and concepts. It focuses on: (1) how learning from experimentation can be maximized; (2) incentive and reward systems that motivate employees to experiment in "live" environments; and (3) the challenges of managing innovation in an industry that eschews risks, failure, and change.

Reform in Payment Systems (1) **"Building a new pay framework"**, *IRS Employment Review, no. 758, August 19, 2002, 25–28*
This article describes the case of the Norwich and Peterborough Building Society in the UK, which in 1999 started to replace its former 12–band grading structure with a simpler, 5-level job framework. The pay attached to each band is informed by the labor market rate. Pay

progression is now linked to the attainment of skills and knowledge within a staff member's "career progression framework," which is a personal development plan. The change has resulted in lower staff turnover, increased productivity, and greater satisfaction among both staff and customers. The case illustrates how pay structures are tending to incorporate broader bands, which are in line with fewer hierarchical levels and encourage flexible working and deployment.

Reform in Payment Systems (2) Malcolm Higgs and Hamish Renton, "Recognition and Rewards," *IRS Employment Review,* no. 781, August 1, 2003, 20–23

This article presents details of a case study about the impact of an incentive scheme that a large retailer introduced for its 40,000 store-based employees. The intention was to increase sales of four insurance plans covering products against accidental damage or breakdown. Financial services products such as these were important to the company, because they were a potential growth segment and already accounted for 6 percent of total profits. While the incentive scheme was successful in increasing sales by 20 percent, it did have several negative effects as well. In order to offset these, most stores initiated local schemes to run alongside the official one. These local adaptations were perceived as more motivating and generating greater interest among employees.

Liverpool City Council (B): Co-Sourcing Public Services through a Joint Venue with BT. IMD, Lausanne, 2003

[This is the second of a two-case series.] In June 2002, British Telecom and the Liverpool City Council (LCC) celebrated the first anniversary of their joint venture (JV) partnership. The city council was outsourcing five key services to the JV: revenues, benefits, human resources and payroll, ICT, and the call center. The case details the main features of this partnership including governance, secondment of employees from the two organizations to the JV, performance management, and payment mechanisms. It also puts the JV into the broader perspective of LCC's vision to transform its organizational culture and business processes. The case concludes with the main benefits of this venture for the two partners and the importance of flexibility and fairness for long-term success.

Dell Computers: Magretta (1998); Dell (2000, especially chapter 7 and pp. 195–196, 215–218); "What you don't know about Dell," *Business Week*, November 3, 2003, pp. 46–54

These sources provide insights into what lies behind the remarkable success of Dell Computers. This is largely based on its "Direct from Dell" direct sales model, which entails an extensive use of virtual organization. By building its products to order and perfecting logistics and distribution, Dell has streamlined its operations and cut costs to the point where it can undercut its competitors and gain market share. This approach keeps inventory to a minimum and takes advantage of the mass customization of computer system configurations, so permitting customers to define their preferred specifications and obtain them at a competitive price with the minimum of delay.

The B-2 Stealth Bomber: Argyres (1999, pp. 162–180)

In this paper, the impact of information technology on organization is described in rich detail through the use of a case study. The case is that of the B-2 Stealth bomber, an aircraft

that was designed by four firms almost entirely by computer. The key information systems used in the project were (1) a common-access database to manage part designs and (2) an advanced system to perform structural analysis. These systems played a crucial role in enabling the four firms to coordinate the design and development activities precisely enough to meet the demanding engineering requirements imposed by the aircraft's unique mission.

Queensland Minerals Limited. Richard Ivey School of Business, University of Western Ontario, 1993

This case describes a large mining and smelting joint venture (JV) established between a US company and an Australian partner. They each have 50 percent of the JV's equity, and equal representation on the JV's board. The JV is, however, located in Australia and operated by the Australian partner. While the JV has been providing significant profits to the metal divisions of both parent companies, they have reached deadlock over a proposal from the US partner to introduce a new advanced refining process. This would involve expansion of the JV's facility, a move opposed by the Australian partner on the ostensible grounds that the Australian government would not approve it because of sensitivities about protecting the environment. The case raises issues concerning the control implications of JV ownership, the relation between strategic and operational control, and options for handling conflict between partner companies.

Wil-Mor Technologies: Is There a Crisis? Richard Ivey School of Business, University of Western Ontario, 1999

This case examines a joint venture (JV) established by an American and a Japanese supplier to the automobile industry, both manufacturing plastic and other components. The aim of the JV was to produce for new Japanese auto assembly plants established in the USA. Although the American partner would have preferred a majority equity stake in the JV, it settled for a 50 percent share allocated to each partner. After three years of operation, the JV was still losing money. This troubled the American partner, which was considering whether to leave the JV or reduce its stake in it. The Japanese partner, on the other hand, showed less concern over the continued losses compared to satisfying its customers with quality products. Instances of cultural misunderstanding had also arisen in the operation of the JV. The case raises questions about the compatibility of cross-national JV partner objectives and business priorities, as well as illustrating problems arising from cultural differences.

***Eli Lilly*: Yoshino and Malnight (1999); Malnight (2001, pp. 1187–1210)**

The case study and article present the results of Thomas Malnight's investigations into how major pharmaceutical corporations, Eli Lilly in particular, have developed new forms of organization to support the processes of managing a diversified global business. Malnight concludes that "Rather than selecting a single structure, MNCs respond to increasingly complex pressures and opportunities from operating globally through increasing internal structural complexity, systematically differentiating their structures to respond to the relevant sub-environments for individual processes. The organizational challenge facing managers at MNCs is . . . the development and integration of multiple types of internal networks sharing common and globally dispersed resources."

Adler Modemärkte: Krebsbach-Gnath (2001, chapter 40, pp. 886–901)
This chapter describes the successful five-year process of a far-reaching organizational change in Adler Modemärkte GmbH, a German retail fashion company. It points to policies that facilitate major organizational change and promote effective organizational learning in support of the change. The case shows how a participative process of developing a new organizational vision, coupled with the proactive diffusion of knowledge and significant investments in communication and training, serves to stimulate a transformation that is informed by active learning.

Nissan's U-Turn: 1999–2001. INSEAD 2003. Case reference no. 303-046-1
When Renault sent Carlos Ghosn to turn around its alliance partner Nissan, observers were skeptical of his chances. Within two years, however, the company had achieved a dramatic recovery, posting record profits and proposing a dazzling array of new models. The case raises a number of themes to do with how an incoming leader establishes credibility, builds a case for painful change, gathers support, provides constant and consistent communication, sells growth as well as cuts, enforces accountability, measures progress, and sustains a momentum for change.

Cases from Israel: Friedman et al. (2001, chapter 34, pp. 757–774)
The chapter presents three case studies from Israel that illustrate the development of learning processes within organizations. The conditions for organizational learning were fostered in each case by different combinations of six basic strategies: (1) combining learning with an objective that was closely associated with the central task of the organization; (2) encouraging open-mindedness by generating an appropriate level of uncertainty; (3) controlling the learning process jointly between leaders/managers and members/employees; (4) generating creative "design" conversations; (5) leaders establishing appropriate role models such as demonstrating a willingness to admit and learn from their mistakes; and (6) using diagnostic "maps" to capture knowledge and make it transparent.

Discussion: Barrett (1998, pp. 605–622)
This article explores the jazz band and jazz improvisation as an example of an organizational form designed for maximizing learning and innovation. It outlines seven characteristics that allow jazz bands to improvise coherently and to maximize social innovation in a coordinated fashion. The author, an accomplished jazz pianist as well as organizational scientist, suggests that jazz players do what managers find themselves doing in order to adapt and innovate creatively: fabricate and invent novel responses without a prescribed plan and without certainty of outcomes, thereby discovering the future their actions create as they unfold.

The Army Crew Team. Harvard Business School, 2003
This case describes a dilemma about how to foster team performance, which faced the coach of the varsity army crew team at West Point. Using objective data on individual performance, the coach assembled his top eight rowers into the first team crew and the second tier of rowers into the second crew team to begin the season. As the second boat continually beat the first boat in races, the coach attempted to discern the team dynamics that were causing these aberrant results. By making use of very clean, objective performance

data, the case makes clear that a team can be more (or less) than the sum of its individual parts, but leaves it up to students to analyze the factors that make this true. The teaching purpose is to analyze the factors that contribute to team performance, particularly those related to trust.

Restoring Trust at Worldcom. Harvard Business School, 2004

This case examines the changes in corporate governance at WorldCom/MCI as proposed by the company's court-appointed corporate monitor, Richard Breedon. Following the largest bankruptcy ever and the downfall of the company, Breedon wrote "Restoring Trust," a report comprising 78 recommendations for the future governance of the company. The teaching objective of this case is to encourage thinking about how to improve corporate governance in a company.

Nike's Labor Practices. ICFAI Center for Management Research, India, 2002

The case describes the maltreatment of employees and sweatshop conditions in Nike's Asian factories. In many Asian countries, Nike violated local labor laws. According to the Vietnam labor watch, Nike did not pay the minimum wage, did not provide proper working conditions, and did not take adequate health and safety measures. In addition, Nike turned a blind eye to child labor and sexual harassment in its factories. Though the company has taken some measures to improve the situation, it has failed to improve working conditions and put an end to the ill treatment of its employees. The case is designed to help students critically analyze the ethical, social, and moral issues involved in the treatment of employees. It seeks to achieve the following objectives: (1) to analyze the conflict between economic performance and social obligations to stakeholders involved in the international manufacturing divisions of a multinational company (MNC); (2) to study the code of conduct established by Nike and examine how far the company honors it; (3) to discuss the nature of the labor practices followed by Nike's contractors and their impact on countries concerned and the company itself; (4) to understand the role of non-profit organizations and special-interest groups in creating awareness of the malpractice of an MNC and pressurizing the MNC to discard those practices; and (5) to evaluate the response of the company to the opposition spearheaded by NGOs in different countries.

Semco: Ricardo Semler and Semco S. A. Thunderbird (2004); Semler (2001, 2003)

These cases and books describe the managerial and organizational innovations introduced at Semco in São Paulo, Brazil by Ricardo Semler, its chief executive. He developed a distinctive approach to organization based on a combination of participation, profit sharing, a minimum of hierarchy and bureaucracy, and the free circulation of information. Under Selmer's leadership, Semco achieved outstanding commercial success in difficult economic conditions. Its revenues rose from $35 million in 1990 to $160 million in 2003.

Southwest Airlines: Freiberg and Freiberg (2004, chapters 7–10); Gittell (2002); Cascio (2002, pp. 83–87)

These sources describe the managerial and organizational innovations that distinguish Southwest Airlines. Southwest is one of the most successful airlines in history. It has continued to make profits when most competitors have declared losses following 9/11, and it is a leader in productivity. The company has topped the list of most admired airlines in the world each

year since 1997. Competitors have tried to imitate its strategy, but have failed to replicate its success because they have not adopted its approach to organization and people. The Southwest Airlines policy is one of job security, minimal hierarchy and bureaucracy, and consistently applying its declared corporate culture as exemplified by its motto: "We are a company of people, not planes."

The Redesigned Office. Zicklin School of Business, Baruch College, NY, 2001
A prominent psychiatrist requests an office redesign using the proper work order form (239B) and voluntarily submits a detailed sketch drawn to scale on graph paper. Because the work order is viewed as a high profile assignment, having emanated from the office of the hospital's Director, all levels of the hierarchy give the work special attention. The job is completed promptly, exactly as requested, and all involved award themselves plaudits for their success. Upon returning from his vacation, however, the prominent psychiatrist is astounded to find that the new office has been laid out exactly backwards. His treatment room is located in front of the reception area. In fact, patients must walk through the treatment room to get to the waiting area and receptionist – the one room with a window. Furious telephone calls are made from the top of the organization down, trying to identify who is to blame for this fiasco. Ultimately, the maintenance department supervisors who oversaw the work are confronted. When asked about the reverse-oriented layout, the construction supervisors merely pointed to the sketch. They built it exactly as the psychiatrist wanted; they thought it must be "a new concept in psychiatry."