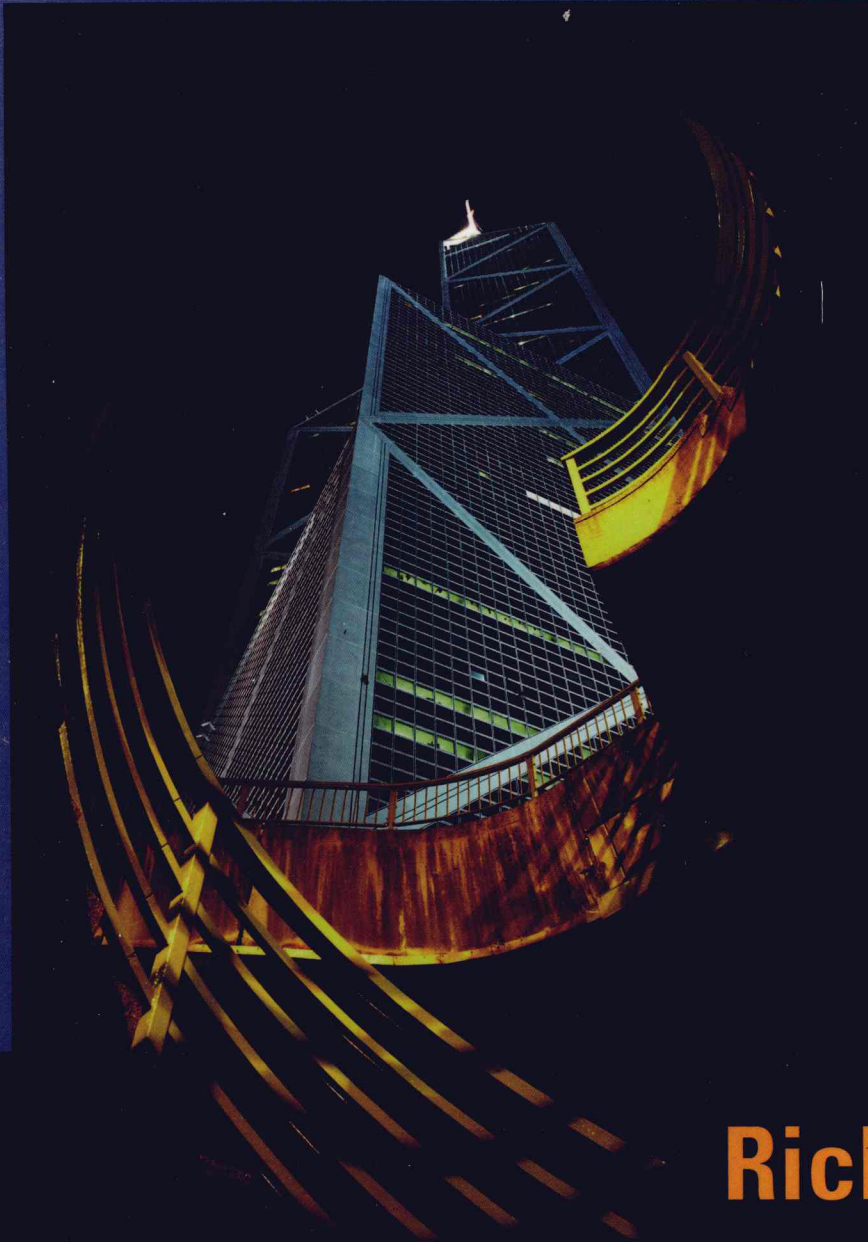


ORGANIZATION THEORY AND DESIGN



Richard L. Daft

SEVENTH EDITION

ORGANIZATION THEORY AND DESIGN

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Richard L. Daft

Vanderbilt University

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Preface

My vision for the seventh edition of *Organization Theory and Design* is to integrate the most recent thinking about organization design with classic and traditional ideas and theories in a way that is interesting and enjoyable for students. This edition has undergone a transformation. Significant changes have been made in many areas, including a new chapter, major revisions of several chapters to incorporate the most recent ideas, new case examples, new examples of e-commerce organizations, new book reviews, new end-of-chapter cases, and new end-of-book integrative cases. The research and theories in the field of organization studies are insightful, rich, and help students and managers understand their organizational world and solve real-life problems. My mission is to integrate the concepts and models from organizational theory with changing events in the real world to provide the most up-to-date view of organization design available.

FEATURES NEW TO THE SEVENTH EDITION

Many students in a typical organization theory course do not have extensive work experience, especially at the middle and upper levels, where organization theory is most applicable. To engage students in today's world of organizations, the seventh edition adds or expands significant features: a new chapter that discusses the important concept of knowledge management and the impact of new information technology, a feature called Taking the Lead that focuses on companies that are on the cutting edge of today's rapidly changing business world, student experiential activities that engage students in applying chapter concepts, new Book Marks, new In Practice examples, and new end-of-chapter and integrative cases for student analysis. The total set of features substantially expands and improves the book's content and accessibility.

TAKING THE LEAD

The Taking the Lead boxes describe companies that have undergone a major shift in organization design, strategic direction, values, or culture as they strive to become learning organizations and be more competitive in today's turbulent global environment. Many of these companies are applying new ideas to compete in the world of e-commerce. The Taking the Lead examples illustrate company transformations toward knowledge sharing, empowerment of employees, new structures, new cultures, the breaking down of barriers between departments and organizations, and the joining together of employees in a common mission.

Examples of Taking the Lead organizations include Cisco Systems, SOL Cleaning Service, Rowe Furniture Company, Deere & Company, Novartis, Trilogy Software, and the U.S. Department of Agriculture.

NEW CHAPTER

The new chapter, Chapter 7, describes the growing impact of information technology and the emphasis on knowledge management in today's organizations. The Internet and the information revolution are changing practically everything about doing business. Information technology and knowledge management have become crucial weapons for companies in all industries. More than facilities, equipment, or even products, it is a company's information and knowledge resources and how they are used that define organization success. These changes are having a tremendous impact on organization design as managers look for ways to enable employees to build and share information and knowledge throughout the organization. The chapter discusses mechanisms for both *explicit* and *tacit* knowledge management.

NEW CONCEPTS

Many concepts have been added or expanded in this edition. New material has been added on the horizontal organization structure, e-commerce, the balanced scorecard, enterprise resource planning, intranets and extranets, strategies for competing globally, the large-group intervention approach to organization development, culture strength and organizational subcultures, mass customization in manufacturing and service firms, and the shift from organizations designed for efficiency toward those designed for learning and change. In addition, the new concept of knowledge management is described thoroughly in Chapter 7.

NEW BOOK MARKS

Book Marks, a unique feature of this text, are book reviews that reflect current issues of concern to managers working in real-life organizations. These reviews describe the varied ways companies are dealing with the challenges of today's changing environment. New Book Marks in the seventh edition include *New Rules for the New Economy*, *Business @ the Speed of Thought*, *The Innovator's Dilemma*, *The Trillion-Dollar Enterprise*, *The Living Company*, *The 48 Laws of Power*, *The Alchemy of Growth*, *Open Boundaries*, and *Competing on the Edge*.

NEW CASE EXAMPLES

This edition contains numerous new examples to illustrate theoretical concepts. Many examples are international, and all are based on real organizations. New chapter opening cases include Weyerhaeuser Company, Barnes & Noble, Danone Group, SAS Institute, White Rose Nursery and Crafts, and Oxford Health Plans. New In Practice cases used within chapters to illustrate specific concepts are Xerox, Cementos Mexicanos (Cemex), Aluminum Company of America/International Association of Machinists, Toyota Motor Corporation, Starbucks Coffee, the Holt Companies, American Standard Companies, Wal-Mart, TNT UK, Tommy Hilfiger, Charles Schwab Corp., Turner Industries, Biogen, Inc., Encyclopaedia Britannica, and Progressive Corporation.

NEW INTEGRATIVE CASES

In addition, several new integrative cases have been added to encourage student discussion and involvement. New integrative cases include Custom Chip, Inc., Microsoft, Dowling Flexible Metals, and XEL Communications.

STUDENT APPLICATIONS

Student application exercises are included at the end of every chapter. Each chapter contains a Workbook—an exercise through which students gain more experience with chapter concepts. Selected chapters also have a Workshop exercise that engages a student group in a larger learning experience. In addition, several challenging new end-of-chapter cases have been added. These include Southern Discomfort, Implementing Change at National Industrial Products, The Daily Tribune, Does This Milkshake Taste Funny?, Cracking the Whip, Airstar Inc., Century Medical, and W.L. Gore & Associates: Entering 1998.

OTHER FEATURES

Many of the features from previous editions have been so well received that the general approach has been retained.

1. Multiple pedagogical devices are used to enhance student involvement in text material. A Look Inside introduces each chapter with a relevant and interesting organizational example. In Practice cases illustrate theoretical concepts in organizational settings. Frequent exhibits are used to help students visualize organizational relationships, and the artwork has been redone to communicate concepts more clearly. The Summary and Interpretation section tells students which points are important in the broader context of organizational theory. The Briefcase feature tells students how to use concepts to analyze cases and manage organizations. Cases for Analysis are tailored to chapter concepts and provide a vehicle for student analysis and discussion.
2. Each chapter is highly focused and is organized into a logical framework. Many organization textbooks treat material in sequential fashion, such as Here's View A, Here's View B, Here's View C, and so on. *Organization Theory and Design* shows how they apply to organizations. Moreover, each chapter sticks to the essential point. Students are not introduced to extraneous material or confusing methodological squabbles that occur among organizational researchers. The body of research in most areas points to a major trend, which is reported here. Several chapters develop a framework that organizes major ideas into an overall scheme.
3. This book has been extensively tested on students. Feedback from students and faculty members has been used in the revision. The combination of organization theory concepts, book reviews, examples of leading organizations, case illustrations, experiential exercises, and other new teaching devices is designed to meet student learning needs, and students have responded very favorably.

SUPPLEMENTS

Instructor's Resource Guide with Test Bank (ISBN: 0-324-02101-1)

Written by Karen Dill Bowerman of California State University, Fresno. The resource guide contains chapter overviews, chapter outlines, lecture enhancements, discussion questions, discussion of workbook activities, discussion of chapter cases, Internet activities, case notes for integrative cases, and a guide to the videos available for use with the text. The test bank consists of multiple-choice, true/false, and essay questions.

A computerized version of the test bank is available upon request. ExamView® Pro (ISBN: 0-324-02105-4), an easy to use test-generating program, enables instructors to create printed tests, Internet tests, and online (LAN-based) tests quickly. Instructors can enter their own questions, using the software provided, as well as customize the appearance of the tests they create. The QuickTest wizard permits test generators to use an existing bank of questions to create a test in minutes, using a step-by-step selection process.

PowerPoint Presentation Slides (ISBN: 0-324-02102-X)

Developed by Charlene L. Coe with Karen Dill Bowerman, both of California State University, Fresno, and prepared in conjunction with the text and instructor's resource guide, more than 150 PowerPoint slides are available to supplement course content, adding structure and visual dimension to lectures.

Video

A new video library is available to users of the seventh edition to show how organizations and leaders apply organization theory to the real world. A tape of Video Examples (ISBN: 0-324-02104-6) examines a range of issues. Critical thinking questions appear at appropriate intervals in the 10- to 15-minute segments.

Product Support Web Site

A rich Web site at <http://daft.swcollege.com> complements the text, providing many extras for students and instructors.

ACKNOWLEDGMENTS

Textbook writing is a team enterprise. The seventh edition has integrated ideas and hard work from many people to whom I am very grateful. The reviewers and focus group participants of the sixth edition made an especially important contribution. They praised many features, were critical about things that didn't work well, and offered several suggestions. I thank the following individuals for their significant contributions to this text.

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I especially thank and acknowledge Karen Dill Bowerman, California State University, Fresno, for her terrific contribution to the *Instructor's Resource Guide* that accompanies *Organization Theory and Design*. Karen did a superb job developing new questions for the test bank, creating new teaching ideas and auxiliary lectures, and writing teaching notes for the cases. Karen's work provides many additional resources for instructors to use in class. In addition, Charlene Coe worked with Karen to develop an excellent set of PowerPoint slides to supplement the text.

Among my professional colleagues, I owe a special debt to Arie Lewin, who over the last few years has made excellent suggestions for new material about international structures, advanced information technology, and top-management direction. I appreciate, too, the intellectual stimulation from friends and colleagues at the Owen School: Bruce Barry, Ray Friedman, Rich Oliver, David Owens, and Bart Victor.

I want to extend special thanks to my editorial associate, Pat Lane. Pat provided outstanding help throughout the revision of this text. She skillfully drafted materials on a variety of cases and topics, found resources, and did an outstanding job with the copyedited manuscript, page proofs, and ancillary materials. Pat's personal enthusiasm and care added to the high level of excellence in the seventh edition. I am also grateful to Denise Simon and Linda Roberts. Denise took over as development editor and did everything right to keep the project and me on track, and she handled the permissions in record time. Linda took responsibility for the completion of several projects that provided me time to focus on revising this book.

The team at South-Western also deserves special mention. John Szilagyi, executive editor, did a superb job of moving the project forward while offering ideas for improvement. Kelly Keeler, production editor, provided extraordinary project coordination and used her creativity and management skills to facilitate the book's on-time completion. In addition, Crystal Chapin and the team at DPS Associates helped to guide me through the details of the production process.

Finally, I want to acknowledge the love and contributions of my wife, Dorothy Marcic. Dorothy was very supportive and has helped me grow emotionally during our time together. She took the book a giant step forward with her creation of the Workbook and Workshop student exercises, which are a significant addition to the text. I also want to acknowledge the love and support of all my daughters, who make my life special during our precious time together.

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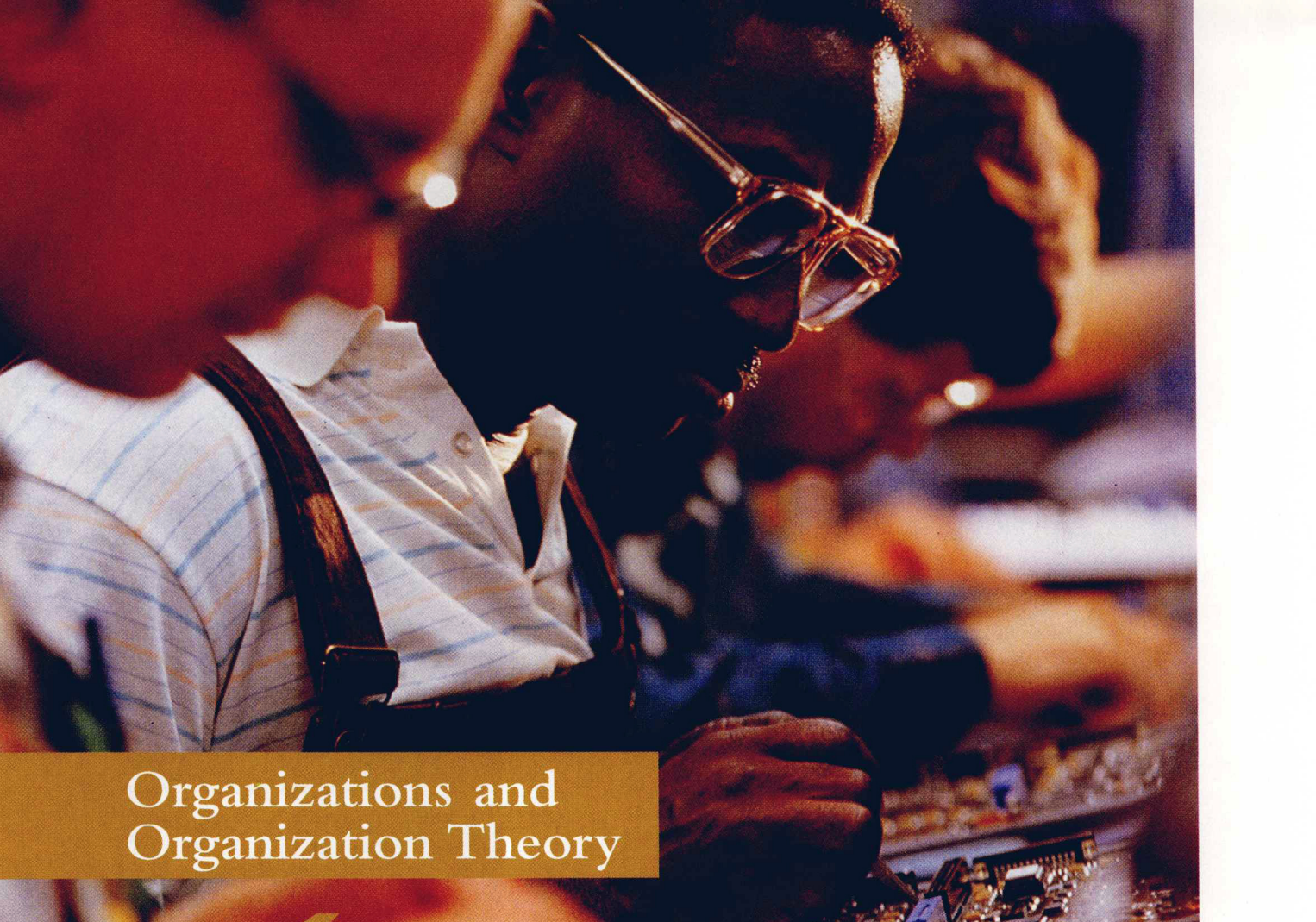
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Introduction to Organizations

PART

Chapter 1
Organizations and Organization Theory



Organizations and Organization Theory

C H A P T E R

Organization Theory in Action

Topics • Current Challenges • Purpose of This Chapter

What is an Organization?

Definition • Importance of Organizations

Organizations as Systems

Open Systems • Organizational Configuration

Dimensions of Organization Design

Structural Dimensions • Contextual Dimensions

The Evolution of Organization Theory and Design

History • The Changing Paradigm of Organization Design • Effective Performance Versus the Learning Organization

The Role of Organization Theory and Design

Framework for the Book

Levels of Analysis • Plan of the Book • Plan of Each Chapter

Summary and Interpretation