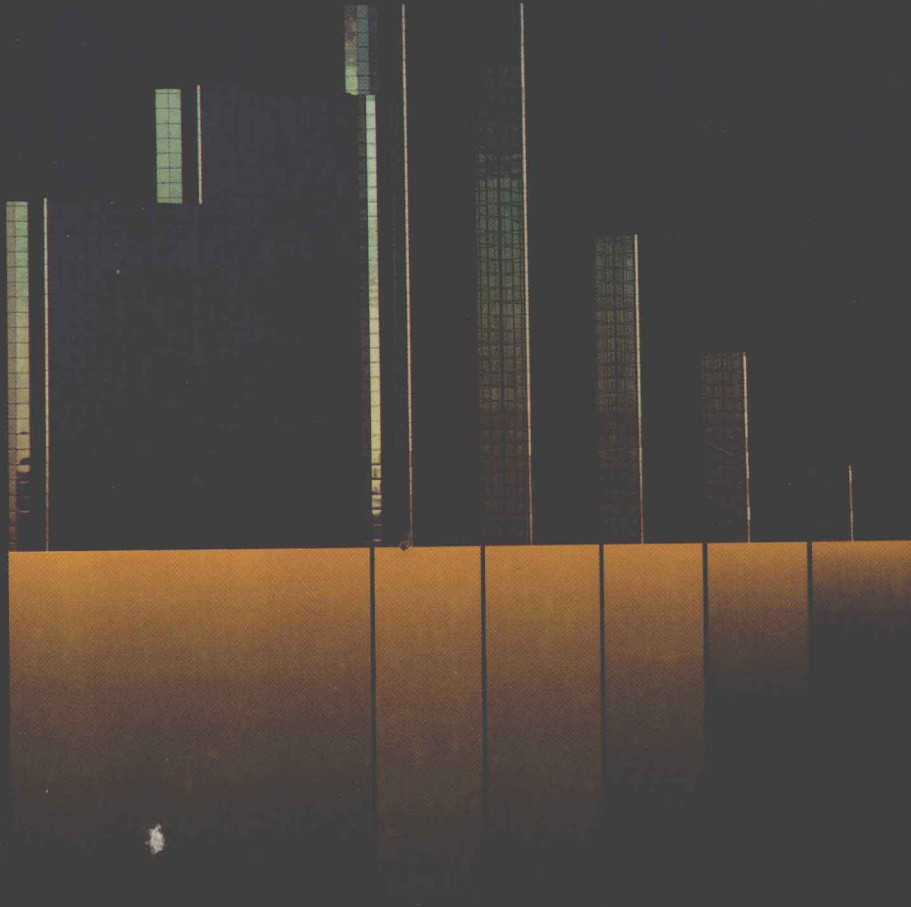


# ORGANIZATION THEORY AND DESIGN

Richard L. Daft



Sixth Edition

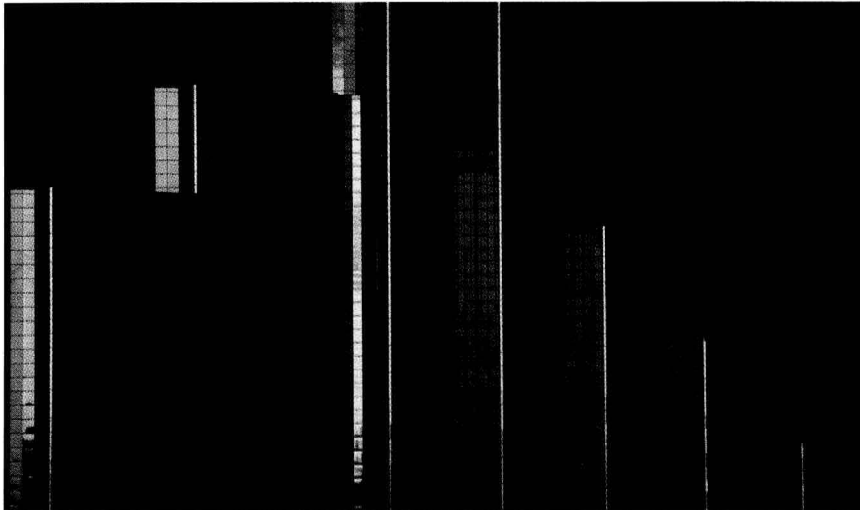


With cases contributed by Richard Ivey School of Business,  
The University of Western Ontario

# ORGANIZATION THEORY AND DESIGN

**Richard L. Daft**

Vanderbilt University



**Sixth Edition**

With cases contributed by Richard Ivey School of Business, The University of Western Ontario  
Workbook and Workshop exercises written and prepared by Dorothy Marcic



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# Preface

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The sixth edition of *Organization Theory and Design* has undergone a complete revitalization. To attain my vision of presenting the most recent thinking about organizations in a way that is interesting and enjoyable for students, I have changed many parts of the book. These changes include a new chapter, new case examples, new book reviews, new examples of paradigm-breaking companies, new end-of-chapter cases, new exercises for student application, 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 organizations available.

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## FEATURES NEW TO THE SIXTH EDITION

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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 sixth edition adds or expands significant features: a new chapter on interorganizational relationships, a feature called The New Paradigm, student experiential activities called Workbooks (which appear in every chapter) and Workshops (which appear in selected chapters), new concepts, new Book Marks, new case examples, and new integrative cases for student analysis. The total set of features substantially improves and expands the book's content and accessibility. The glossary has also been expanded in the sixth edition.

### The New Paradigm

The New Paradigm boxes describe companies that have undergone a major shift in strategic direction, values, or culture to cope with today's turbulent and competitive international environment. The New Paradigm examples illustrate company transformations toward empowerment, new structures, new cultures, new technologies, the breaking down of barriers between departments or divisions, and the joining together of employees in a common mission. Examples of New Paradigm organizations include Springfield Remanufacturing, Arizona Public Service Company, Progressive Corporation, the Agricultural Department, the Intranet, Starbucks Coffee, GE Plastics/Borg Warner, and Volkswagen.

### New Chapter

The new chapter, Chapter 14, describes the recent evolution in interorganizational relationships. Today more organizations act as part of an ecosystem. Collaboration is often as important as competition. The collaborative networks that emerge represent a new challenge for management. Other perspectives in this

chapter include population ecology, resource dependence, and institutionalism. The term *institutionalism* is new to this edition. It describes an organization's need for legitimacy with external stakeholders and explains why organizations tend to resemble one another. The three core mechanisms are mimetic isomorphism, normative isomorphism, and coercive isomorphism. Chapter 14 helps students learn about interorganizational relationships and how to consciously manage them.

### **New Concepts**

Many concepts have been added or expanded in this edition. New material has been added on the postmodern organization, strategies for organizational excellence, reengineering, global teams, the transnational model of organization, leadership for change, forces driving the need for major change, stages in commitment to change, the balance of empowerment and control, intranets, strategy-structure-technology link, the learning organization, organizational transformations, and the new concepts of institutionalism and interorganizational relationships described in Chapter 14.

### **New Book Marks**

Book Marks, a unique feature of this text, are book reviews that reflect current issues of concern to researchers and managers. These reviews describe how organizations are dealing with today's changing environment. New Book Marks in this edition include *Sacred Cows Make the Best Burgers*, *What America Does Right*, *Hypercompetition*, *Lean Thinking*, *The Self-Defeating Organization*, *Jumping the Curve*, *Real Change Leaders*, *Levers of Control*, *Built to Last*, *The We-Force in Management*, *The Boundaryless Organization*, and *Open-Book Management*.

### **New Case Examples**

This edition contains many new examples to illustrate theoretical concepts. Many examples are international, and all are about real organizations. New chapter opening cases include Zeneca Agricultural Products, Ryder Systems, Chrysler Corporation, Marmot Mountain, French Rags, Matsushita Electric, 3M, KPMG Peat Marwick, Southwest Airlines, Intel, and the USIA. In addition, many In Practice cases are used within chapters to illustrate specific concepts. These new cases include Delta Airlines, Sun Microsystems, Greyhound Lines, General Electric, Taco Bell, MADD, Karolinska Hospital, TopsyTail, Nu-Skin International, Rolls-Royce, Imperial Oil, Rhone-Poulenc, Herman Miller, Texas Instruments, Lantech, and Corsair Communications.

### **New Integrative Cases**

In addition, several new integrative cases have been added to encourage student discussion and involvement. The new integrative cases include both national and international situations, such as Littleton Manufacturing (A) and (B), Victoria Heavy Equipment Limited, The Food Terminal (A) and (B), and Bhiwar Enterprises.

## Student Applications

This edition includes new student application exercises 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, challenging new cases have been added to the end of each chapter, and include S-S Technologies, The Acetate Department, Mason & Lynch, C&C Groceries, The University Art Museum, London Free Press, The Bay Kitchener, Cherie Cosmetics, and W.L. Gore and Associates.

## 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 organization 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 paradigm-breaking organizations, case illustrations, experiential exercises, and other new teaching devices is designed to meet student learning needs, and students have responded very favorably.

## Acknowledgments

Textbook writing is a team enterprise. The sixth edition has integrated ideas and hard work from many people to whom I am very grateful. The reviewers of the fifth 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 Manual* 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.

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 also thank Tina Dacin for her excellent ideas about institutional theory for the new chapter on interorganizational relationships, and Ken Friedman for his excellent suggestions for the text and Book Marks. I appreciate, too, the intellectual stimulation from friends and colleagues at the Owen School: Alice Andrews, Bruce Barry, Ray Friedman, Barry Gerhart, Tom Mahoney, Rich Oliver, and Greg Stewart. Marty Geisel, the dean at the Owen School, maintained a positive scholarly atmosphere and supported me with the time and resources needed to complete this book.

I want to extend special thanks to my editorial assistant, 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 sixth edition. I am also grateful to Chad Payne and Linda Roberts. Chad Payne, an MBA student at Vanderbilt, did a wonderful job of researching and drafting materials for the Book Marks. Linda Roberts took responsibility for the completion of several projects, including permissions, that provided me time to focus on revising this book.

The editors at South-Western also deserve special mention. Esther Craig, the developmental editor, did her usual great job of moving the project forward while providing significant ideas for improvements. In addition, Kelly Keeler, the production editor, combined her creativity with a smooth management style to facilitate the book's on-time completion.

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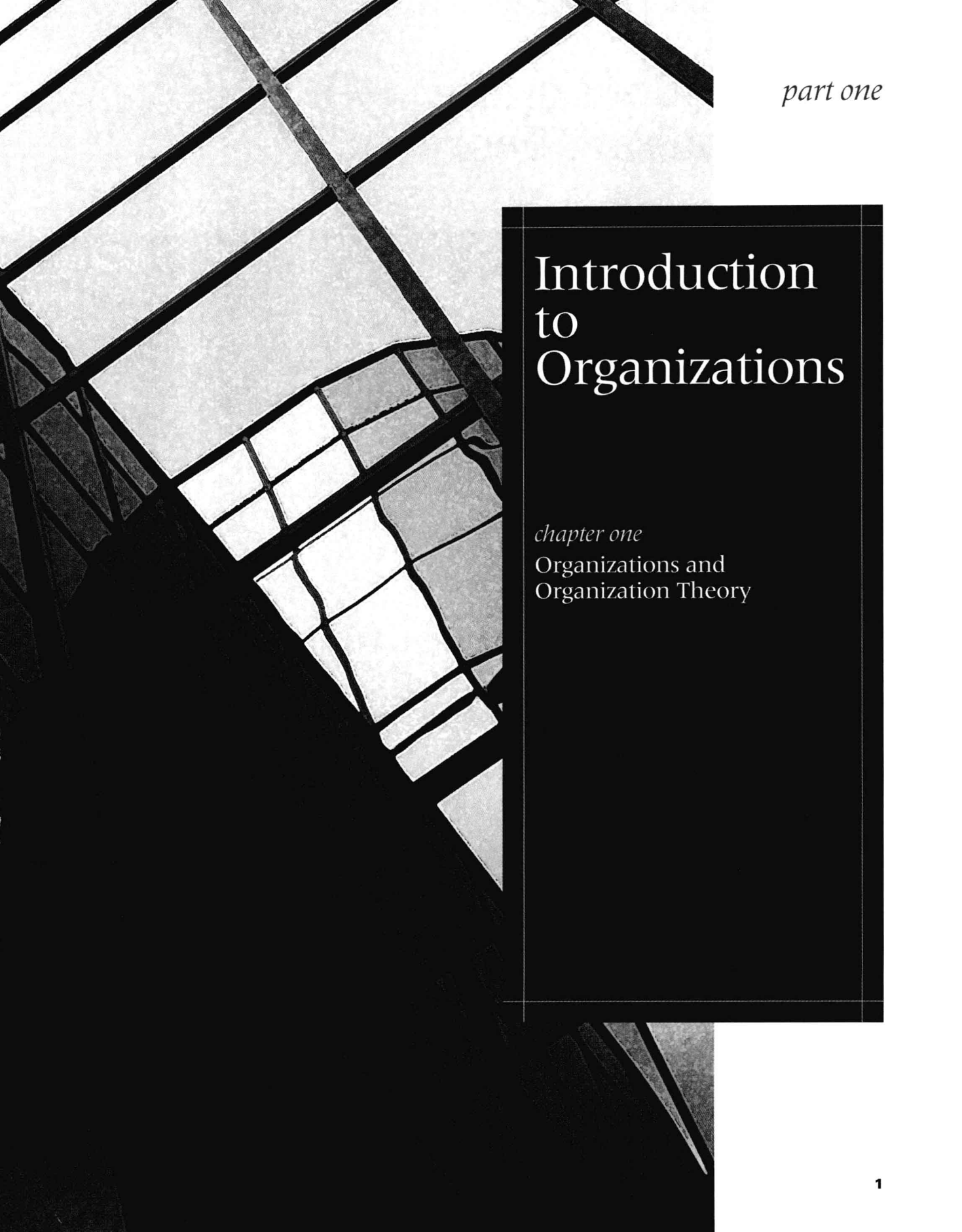
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*part one*

# Introduction to Organizations

*chapter one*

Organizations and  
Organization Theory

# Organizations and Organization Theory

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