
Review Article

Paul C. Nystrom and William H. Starbuck (Eds.): Handbook of Organizational Design, Volume 1: Adapting Organizations to their Environments; Volume 2: Remodeling Organizations and their Environments

1981, Oxford: Oxford University Press. xxii + 560 pages/iv + 552 pages.

In their Preface, the editors voice their wish that this publication will 'become a landmark' and casually mention that their input (in terms of the monetary value of working hours invested) equals '700 tons of butter, 400,000 shovels or 40,000 copies of this Handbook at retail'. If this does not pitch the level of expectation of the worldwide community of professional students of organizations at an unprecedentedly high level, what does?

Therefore, the Editor-in-chief and the Book Review Editor decided to have three reviewers from somewhat different disciplinary orientations (business administration, psychology, and sociology) and from diverse national backgrounds (German, British, and Dutch) evaluate the output. We hope that this variety of views will provide the reader with enough information to make up his or her mind about whether or not to taste the results of all those shovelfuls of butter.

Taking the enormous variety in approaches to theory and development of organizations into account, it demands an entrepreneurial, risk-loving spirit to edit a comprehensive *Handbook of Organizational Design*. Therefore, we acknowledge the effort of the editors who obviously felt that March's famous *Handbook of Organizations* (1965) needed a qualified updating. Of course, the reviewer's work is much easier than that of the editors who struggle with complexity, persons, and deadlines. However, reviewing such a comprehensive work within the limits of a 'book review' is a straining task as well. We, therefore, focus on some economic and managerial aspects.

The editors outline the purpose of the Handbook in their preface. It aims to influence three 'classical' audiences:

- a. researchers and teachers, by presenting research results rather than research methods;
- b. graduate students, by selecting long-term, persistent issues and durable themes; and
- c. practitioners, by emphasizing design and prescription.

The editors pay explicit attention to the purposes of organizational *design* defined by exposing values, improving organizations, fomenting awareness, and generating progress. However, all these goals may also be considered as

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requirements of an organization *theory* (Albert: 'There is nothing better for practice than a good theory'). Consequently, we think that the substitution of 'design' for 'theory' denotes a certain emphasis within organization theory rather than a purpose distinct from organization theory.

The editors develop some guidelines for 'good' organizational design, such as 'great caution', 'incremental mode', 'look beyond organizations and try to change general norms and values', 'engender tolerance for organizational diversity', 'only one way is wrong', 'without design no understanding of organizations', 'the design task is a durable theme for organizations.

In both volumes the two editors and 65 authors from heterogenous scientific fields (economics, anthropology, management, sociology, psychology, political science, engineering) present problems and findings of organizational design approached from different theoretical viewpoints (45 articles: 24 of them are written by researchers from economics and management). The authors integrate the main empirical research results, they design new concepts and models, they expose unsolved research questions, and, in nearly every article, they discuss prescriptions and design aspects more explicitly than any of their predecessors with respect to the editors' guidelines.

The Handbook consists of five sections: Volume 1: 'Organizations adaptive capabilities', 'The implications of societal environments', and 'Interactions in interorganizational network'); Volume 2: 'Organizations' operating characteristics' and 'The consequences of organizations' activities'.

Unfortunately, the structure of the Handbook, i.e. the organization of articles within the sections, is not explained by the editors. One misses, to a certain extent, editorial guidelines for linking all the divergent theoretical viewpoints. Furthermore, we would have liked to see an interpretation of the articles with regard to the development in organization theories.

Surprisingly, it is not possible to identify an overall framework in the book. We think that some contributions would fit better in a 'Handbook of General Planning' rather than in a 'Handbook of Organizational Design', e.g. the articles of Makridakis/Wheelright ('Forecasting an organization's future'), Hawkins/Walter ('Planning multinational operations'), Carter ('Resource allocation') Comanor/Kover/Smiley ('Advertising and its consequences'), Friedland/Simon ('Strategies of oligopolistic competition'). Most of these are well presented; however, they fail to show the relations between their analysed topics and the context of organizational design.

Furthermore, a profound analysis of major subjects, such as 'organizational effectiveness/efficiency', 'planned organizational change', 'organizational implementation of new strategic planning concepts', is missing.

An article about basic alternatives of design strategies (organizational planning versus organizational development; synoptic versus incremental design) would have completed the Handbook. According to the editors' guidelines this Handbook primarily proposes an incremental way of organizational design. Therefore, it might disappoint those interested in a synoptic-design approach.

In spite of the rapid development of new information and communication technology and related theories, the communication aspect in organizations is not sufficiently treated in the book.

Unfortunately, organization theories with an economic orientation are only fragmentally covered. For example, the transaction cost approach (Coase, Arrow, Williamson) analyses alternative coordination modes of organizations (hierarchies) and markets in a very inspiring way and, thus, shows interesting implications for organizational design.

Many articles discuss similar topics. They differ very little in perspective. For example, the articles by Shen, Gerwin, Hall, and Lambright/Teich deal with technology questions, the articles by Tichy, McCann/Galbraith, and Aldrich/Whetten with networks, the articles by Moch/Seashore, Sproull, Beyer with beliefs, norms, ideologies, and values, the articles by Roos/Starke, Cummings, and Nystrom with organizational roles, work groups, and jobs, the articles by Taylor/Vertinsky and Warner with experimenting, the articles by Khandwalla, Pennings, and Child/Kieser primarily with strategic issues, and the articles of Dunbar and Kerr/Slocum Jr. with control problems.

Two of the articles are very attractive, although one would have preferred that they were somewhat more complete:

— Sage ('Design for optimal information filters'): this article neglects qualitative communication aspects and the results of contributions from the field of business policy (weak signal problems).

— Shen ('Technology and organizational economics'): the excellent discussion of this topic neglects results and implications from the experience-curve phenomenon.

However, we do not want to criticize these authors or the editors when we mention these and other shortcomings. Rather, we feel that these points are typical for the difficult task of designing any Handbook of Organizational Design.

On the other hand, the following articles are rather salient and, therefore, we recommend them highly for further attention:

— Child/Kieser ('Development of organizations over time'): excellent state of the art report, including empirical research results based on an interesting integrative framework;

— Kimberly ('Managerial innovation'): very inspiring presentation and critique of the theory, elaborating on unsolved research questions;

— Khandwalla ('Properties of competing organizations'): an excellent overview about determinants and forms of competition with discussion of organizational consequences, presenting an integrative framework;

— Pennings ('Strategically interdependent organizations'): innovative and stimulating typology of interorganizational linkages and their discussion with respect to theoretical and empirical results;

— Gerwin ('Relationship between structure and technology'): an excellent overview of findings and results of the contingency approach of organization theory, proposals for a systems-design perspective;

— Jennergren ('Decentralization in organizations'): outstanding discussion of theoretical and empirical results on this topic with respect to design problems of empirical studies;

— McCann/Galbraith ('Interdepartmental relations'): innovative discussion of this old organizational topic with some new, stimulating ideas.

Taken as a whole, the Handbook pleases more than other handbooks in this field by its emphasis on the organizational *design* task, by empirical foundation, and by stressing the dynamic components of the design task. Several articles succeed in summarizing topics long discussed in the past, others open new perspectives and generate relevant research questions. Each of the initially mentioned audiences will study many of the articles with great benefits. Our critical remarks are more directed towards the general state of organization theories than towards the remarkable performance of the editors. They succeed in presenting a comprehensive and partly stimulating collection of design-oriented articles.

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Given the expansion in the study of organizations and associated theory, research, and practice in recent years, it is not surprising that attempts at a comprehensive overview of the field, from either a disciplinary or multidisciplinary perspective, result in large handbooks. This latest one deals with the causes and consequences of change in organizations, both deliberate and accidental, and comprises a collection of articles summarizing the results of research in different disciplines and their implications for various organizational activities and functions. Many of the contributions are more descriptive than prescriptive in content and, therefore, as the editors acknowledge in their preface, the 'organizational design' in the title symbolizes that this is a legitimate concern of organization theorists even if, as a number of the authors discovered, prescribing how organizations ought to work is much more difficult than describing how they do work. The aim has been to focus on key themes and persistent issues and present these in such a way that teachers and researchers, graduate students, and practitioners will find this not only an indispensable source of reference but also a landmark publication in the development of the subject.

Although there are some European contributors, the Handbook is very much an American product. The majority of authors come from the United States and inevitably cite the research, institutions, and journals with which they are most familiar, as well as writing in the style and idiom of their country. Those accustomed to handling the unwieldy tome edited by Dunnette (1976) will be relieved to know that this Handbook is in two volumes of some 500 pages each. It is a pity that the numbering of chapters in Volume 2 does not follow on from Volume 1, since those referred to, say, Chapter 16, may well go to the wrong volume if they do not have the full reference.

The overall perspective presented is of those with functional responsibility for designing and managing organizations looking outwards and considering how

they select their environments and resources, including their employees, in order to achieve organizational goals; the complementary perspective of how members of organizations, potential members, and members of competing organizations view these institutions as a means of achieving their personal goals is underrepresented. An implied organizational universalism, following a positivistic, functionalist tradition and based on S-R models of behaviour, can be detected in many contributions, as can the tendency towards reification suggested by the opening chapter of Volume 1 on 'How organizations learn and unlearn'. This chapter, by Bo Hedberg of the Swedish Centre for Working Life, addresses the issue of whether it is appropriate to consider organizations, as distinct from their individual members, as able to learn and argues that there is indeed a residue, an organizational memory, of custom and practice, myths, beliefs, norms, traditions, and procedures which influences individual learning within organizations and transmits the organizational heritage to successive generations of members. It is a stimulating article which, hopefully, will challenge psychologists to undertake much-needed research into the interaction between learning at the individual, group, and organizational levels.

Another chapter almost at the end of Volume 1 is likely to make psychologists sit up and take notice if they choose to read it. This is by Robert Chatov on 'Co-operation between government and business', a strange little piece which begins with a historical review of government-business relations in the United States in terms of consensus and conflict networks and then switches to sexuality and leadership in government-business relations. Chatov's thesis is that analyses of government-business relations have assumed rationality and conscious motivation, ignoring unconscious factors such as the 'sadism which permeates human relations within organizations'. Influenced mainly by Zaleznik and Kets de Vries (1975), he states that the essence of regulation is control and the essence of control is sadism, and continues to draw on these writers in discussing topics such as organizational paranoia, sexuality and research, and leadership choice.

No such considerations enter the discussions of organizational control and controlling the performance of people in organizations in Volume 2. Here the emphasis is on rules, roles and procedures, incentives linked to task performance, and so on. This volume covers much of the territory of textbooks on behaviour in organizations, including traditional areas of industrial psychology such as the chapter on 'Choosing members for organizations' by Robert Guion. His concluding comment is, that in stressing research as the basis on which to make selection decisions, he has offered little to clubs, volunteer organizations, schools, or small businesses in their efforts to choose members. This wisely prompts the query as to whether the Handbook assumes the primacy of big commercial and governmental organizations. In general, the more psychologically oriented contributions are useful, but unexciting, confirming an impression of no clearly discernible new directions in this sphere at present. However, it is refreshing to find more attention given to the

folklore, rituals, beliefs, myths, and ideologies of organizational life than is customary in many texts.

A handbook which is eight years in preparation inevitably will be dated in some respects by the time it is published. The editors and authors have been relatively successful in their choice of topics of enduring concern, even though one might have anticipated more discussion of design issues which entail a reduction in the labour force. The impact of employment legislation appears to get insufficient treatment from a British and European viewpoint and raises the question of how universal or specific problems of organization design are. A chapter dealing with this specific issue would have been a valuable addition to this significant work.

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It is a moot question whether the variation between March's *Handbook of Organizations* (1965) and the recent volumes produced by Nystrom and Starbuck exceed the within-handbook variance sufficiently enough to warrant a comparison at all. Moreover, dissimilarities between the two anthologies may have as much to do with different editorial policies as with changes in the field of organization theory and research between the early 1960s and the late 1970s. Nevertheless, due allowances being made, salient contrasts between both handbooks may provide us with some clues as to the development of organizational analysis in these past 16 years.

Some of the main divergences between both efforts at taking stock of what we know about organizations can be summarized in terms of the following dimensions:

- less versus more concern with design;
- disciplinary versus interdisciplinary or multidisciplinary approaches;
- institution-wise versus cross-institutional analysis;
- monolithic versus pluralistic views of organization; and
- more versus less panache.

Whereas March's *Handbook* — apart from three chapters on 'Application' — contained mainly 'pure' science, contributions to the Nystrom/Starbuck volumes by and large either have a section on design issues or focus throughout on that topic. Obviously, this difference may be not a consequence of the growth in supply of design-oriented work, but rather of a greater demand from the side of the editor(s) now than there was then for this emphasis. Even so, I suspect that the Nystrom/Starbuck duo stood a far better chance in recent years than March in his day and age to find organization theorists able and ready to

organize their thoughts, at least partially and to some extent, in terms of practical pursuits.

This does not mean, alas, that the level of sophistication of design prescriptions has notably increased in the last decade. On the basis of findings that A generally causes (or at least is correlated with) B, many an author solemnly advises designers to try and arrange A, if they want B! Contributors to a handbook of organizational *design*, I would say, ought to concentrate on the *conditions* under which it makes sense or is feasible to bring about B by means of A, on the *skills and resources* needed to design and to implement A, on the often *unintended and unexpected implications* of A and/or B, on the *processes that constitute the route or alternative routes* to A and from A to B, etc. In the sections or chapters dealing with the application of organization theory, however, a thorough treatment of the problems of converting results of organizational research and thinking into usable knowledge is the exception rather than the rule.

Moreover, not all chapter authors exhibit the same awareness as the editors do (in their Preface, pp. xii ff.) that design prescriptions imply values and that these may be beneficial for the dominant coalition, but not for other interest groups, and, finally, that what is good for an organization could be quite harmful for society. Such deficiencies do not alter the fact that the new Handbook constitutes a rich source of information and inspiration to all those who design or redesign organizations, as well as to their opponents and critics. Nevertheless, one gains the impression that however much more mature and elaborate organization theory has become in recent decades, the art of operationalizing this body of knowledge and insights for design purposes has not developed at the same pace.

The second dimension in terms of which the two handbooks, on average, show an interesting difference is the degree to which (uni-)disciplinary orientations colour the variety of contents. From the old Handbook one remembers distinctly sociological contributions (e.g. Stinchcombe's masterpiece), clear-cut instances of the socio-psychological or group dynamics approach (such as Leavitt's famous survey of approaches to organizational change), and essays representing management science or business administration (like Starbuck's well-known chapter on growth and development). To be sure, the new Handbook also includes examples of authors' unswerving loyalty to their field of professional socialization, but not nearly so often as in the volume edited by March. Most essays in the Nystrom/Starbuck collection manifest a rather non-distinct, social-scientific cachet, breathe the spirit of systems theory, and comprise references to the same journals and the same classics.

Does this signify that since about 1960 an interdisciplinary movement has swept the field and is now the dominant style of thinking and conceptualizing in organization theory? I doubt it. Although in some cases one does discern indeed specimens of a truly interdisciplinary linking of theories originating from quite diverse disciplines, on the whole it looks as if a multidisciplinary blend of terms derived from economics, systems theory, sociology, psycho-

logy, anthropology, and political science has become the *lingua franca* among students of organizations. Of course, in all likelihood razing communication barriers fosters interdisciplinary exchange of stimulating ideas, new methods of investigation, relevant evidence and likewise aids in 'selling' the joint products of the organization sciences to practitioners. Still, the development of a multidisciplinary jargon may not in all respects be beneficial for interdisciplinary progress. Trailblazing research that breaks away from the bonds of conventional social science divisions, and in doing so creates a whole that is more than the sum of its parts, must, I presume, be based upon advanced unidisciplinary work. Scholars steeped in the new, common language may be more familiar with a variety of unidisciplinary theories, but could by the same token be less capable of handling and integrating — let alone inventing — such theories themselves.

The 1965 survey does, and the 1981 survey does not, dedicate a substantial part of the space available to the analysis of organizations in one specific institutional setting. Again, this may simply reflect different editorial predilections rather than a shift from institution-wise to cross-institutional theorizing about organizations, along the lines of my third dimension. Nevertheless, I would not be surprised if subsequent research into the history of organizational theory and research were to show a relative decline in viewing organizations as rather special institutional agencies and a corresponding growth in treatises of organizational forms and processes as generic phenomena. Anyway, in reading the two volumes edited by Nystrom and Starbuck, one cannot escape the impression that most organization theorists — like organizational consultants before them — have discovered that it pays to consider one's wisdom as universal rather than as limited to only one orbit of experience.

Now, the growing unpopularity of the institutional point of view in organizational analysis has led to the unfortunate consequence that our present-day body of knowledge is not very informative about the ways in which and the degree to which firms, government agencies, educational establishments, welfare institutions, unions, parties, churches, etc. are really alike and unlike. In the vast majority of contributions to this new Handbook it remains an open question as to whether the generalizations and prescriptions offered pertain to any and all organizations, or to just one type. As a matter of fact, even authors whose examples or data stem preponderantly from one sphere (usually industry or business) seldom display a great deal of awareness of the fact that features of the particular context of their theories, findings, or insights might have something to do with the content of their institutional niche, are to some extent and in some respects similar, but would it not be desirable to find out to *what* extent and in *what* respects?

After all, everyday life as well as the few interinstitutional comparisons available (see, for example, Pugh and Hinings [1976: part II] and Lammers and Hickson [1979: part III]) do suggest that industrial, governmental, educational, and religious organizations are often characterized by rather different

functions, structures, and patterns of development. Therefore, we cannot really generalize about organizations across institutional spheres, until and unless we systematically investigate in how far the generalizations in question are institution-bound.

As pointed out by Sylvia Shimmin (above), in quite a few chapters of the new Handbook a 'functionalist tradition' comes to the fore. Nevertheless, many more participants in the 1981 than in the 1965 undertaking have an eye for the pluralistic nature of organizations. For example, section interests and conflicts, coalitions and various forms of competition and cooperation between groups within one organization and of different organizations figure much more frequently in the pages of the Nystrom/Starbuck volumes than between the covers of the Handbook edited by March. I don't see how this distinction between the two anthologies in perspective on organizational life could be due to anything but a general trend in the 'thoughtways' of organization theorists. The modal view of organizations has gradually moved from the monolithic end of the continuum in the direction of the pluralistic end.

For the time being I have no second thoughts about this trend, which is quite helpful for an understanding of so many of the problems which an organization faces. Still, I want to point to the paradox that the more one conceives of organizations as conglomerates of interest groups, the more puzzling becomes the question of what it is which holds an organization together. Therefore, it may very well be that organization theory in the coming decade shall witness a revival of structural-functionalism à la Parsons, precisely because pluralism is revealing — much more clearly and much more cogently than the monolithic view ever did — the basic truth that so many organizations *fail* to fall apart.

Turning now to the last dimension — degree of panache — I must admit to feeling less confident about this inference than about the other four. Perhaps in my thirties I was more impressionable and excitable than in my fifties and this may be the reason why I imagine that Nystrom and Starbuck have been less successful than March in interspersing their collection of scholarly impeccable, but sometimes rather tedious, pieces with a few essays which, in spite of their scientific quality, read like adventure stories. But perhaps after all truth lies not just in the eyes of the beholder, but also in what he beheld. It could very well be that the science of organization has come of age and has passed from the phase of the dashful, charismatic pioneers to the phase of the stolid consolidators. Nowadays, given all the accumulated evidence on all sorts of organizations everywhere, and given all the hard and good thinking that has gone into and come out of it, coming forth with sweeping explanations and brilliant visions is more difficult than it used to be, unless, of course, one chooses to ignore all that has been achieved hitherto.

This brings me to another point, this time not a difference but rather a conspicuous continuity between the two handbooks. Neither work pays any attention to new, alternative currents of organizational thought such as radical organization theory (ROT), (neo-)Marxism, ethnomethodology, etc. (see Burrell and Morgan 1979). Now, efforts to start more or less from scratch in

seasoned disciplines sometimes carry quite a bit of panache, either because it requires a strong and independent mind to deviate from the main stream, and/or because it is easier to fabricate a sublime theory with a lot of imagination and little data than with a lot of data and the same amount of imagination.

However that may be, the editors of both handbooks have avoided bestowing legitimation on the 'heretics' by having their views represented, or, who knows, maybe the ringleaders of the 'deviant' movements in organization theory staunchly refused to have their gems enshrined and dulled by the Establishment. At any rate, although 'alternative' perspective offered as substitutes for the older paradigm(s) in the study of organizations, have certainly become more widespread and influential during the 1970s, almost no trace of it can be found in the two volumes reviewed here.

It is possible that the orthodoxy of the contributions selected is connected with another continuity in the handbooks, to wit, their all-out Americanism, a feature already mentioned by Sylvia Shimmin. I don't mean to imply that all the 'heretic' views in the field come from Europe, for that is obviously not the case. I do think it likely, though, that, generally speaking, European scholars are a bit more sceptical regarding the chances of imitating the natural sciences and, therefore, more prone than their American counterparts to consider their professional community as a plural society. Although contributors or editors on this side of the Atlantic are not necessarily less prejudiced (or fearful?) of Marxists, ROTters, ethno-boys and the likes of them, they would perhaps be more convinced than their U.S. colleagues that one should make at least some room for some of their ideas!

One final remark on the exclusive American character of the collection. When Bill Starbuck set out to design this Handbook in the early 1970s, he — as I happen to know — was at great pains to mobilize European contributors. But, as the results show, only a few Britishers, Israelis, and Scandinavians, who usually work in the American style (and often also part-time on American soil), rose to the occasion. Thus, some of the most interesting work done in the Old World is never mentioned at all (Luhmann's oeuvre) or only casually referred to once (e.g. Alan Fox, Karpik, Touraine).

All in all, however, the reader, provided he or she is not, or at any rate not primarily, looking for non-mainstream or non-American theory and research, can rely for many years to come on these two volumes as an excellent base-line for applications and further advances in the field of organization science. The editors can be sure that their efforts have not resulted in something like the notorious European 'butter mountain', a huge unsaleable surplus which arose in the early 1970s as a result of the EEC's agricultural policies. Nystrom and Starbuck need not fear that their output will meet with the same fate. Editors and publishers can be complimented on a monumental handbook that stands out not just as a marvel of scholarship, but also as a superb achievement from the technical point of view. The books are big, but easy to handle, the lay-out is neat and clear, the paper is pleasant to touch and to look at, and, no matter how

hard I tried, I could spot only one printing error in all 1000 pages and no text references which were not covered properly in chapter bibliographies. Perhaps having so few Europeans participate has its advantages!

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