Developing the Adaptive Organization

Howard M. Carlisle
The tendency of systems and procedures units in large organizations is to freeze most activities into a rigid bureaucratic mold that endures forever. Why not set the life-span of every new procedure at its birth? this article asks —

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One of the major dilemmas for the modern-day manager results from two of the primary forces affecting organizations. These forces are increasingly working at cross purposes with each other. On the one hand, managers in organizations experience administrative complexity because as firms grow larger they tend to adopt more systems, procedures, policies, and regulations aimed at improving coordination and control. This results in highly intricate, “bureaucratic” organizations. On the other hand, the environment within which firms must operate is becoming increasingly characterized by change. Markets, products, skills, technology, governmental regulations, and all other facets of the environment of a firm are epitomized by accelerated change. Thus the dilemma results: internal pressures are directed at stability and control; external forces are creating an environment which is much more dynamic in nature.

The full magnitude of these forces must be examined before considering what can be done to reconcile this situation. The tendency towards formalization is noticed by keen observers in all growing organizations. Initially, as the firm is small, few policies or regulations are in existence. Communication is simple. It is also highly effective since there are a limited number of activities taking place and few people involved in any communication link. As operations grow in size and complexity and as the number of employees increases, personal contact and communication with the leaders cannot be relied upon to achieve the coordination and direction required. Written directives and procedures come to take the place of personal interaction. As the firm’s operations change and as new problems are encountered, additional policies and procedures are adopted to supplement those that existed before. Rarely, if ever, are the older policies and procedures eliminated or simplified. The result is that, over time, a plethora of policies, systems, procedures, and regulations come into existence. These defy comprehension except by staff specialists who are experts in some narrow phase of a company’s operations.

There are many other factors...
which contribute to this tendency in organizations. Traditional management theory has supported the highly structured, finitely defined organization. Since the early 1900s, following the lead of Henri Fayol and Max Weber, the bureaucratic form of organization has dominated management thinking and practice. Thus, the tendency has been to develop organizations by creating a precisely interwoven hierarchy based on job specialization, unity of command, span of control, centralization, and the scalar concept. All work activities are controlled by detailed job descriptions, methods analysis, operations sheets, and functional procedures. Traditionalists emphasize that through such a structure a firm should be able to attain simplicity, control, precision, coordination, order, and, above all, efficiency.

Behavior science theory also supports the bureaucratic tendency in organizations. Charles Perrow, the sociologist, notes that even though organizations do not strive to be bureaucratic, the tendency is in that direction. He states:

Even those organizations which do start out as adaptive and innovative strive to rationalize and routinize. Every manager prizes freedom and initiative for himself but attempts to routinize the areas under his control. Similarly, those in control of the expanding, innovative organization appear to maximize their own freedom and rewards by making the organization itself more predictable.¹

Leaders want to be instrumental in insuring that an organization achieves its objectives. Thus, in accordance with their preconceptions for reaching this goal, leaders strive to coordinate, control, and regulate resource utilization within the organization. This, in turn, leads to subordinates performing their operations in a relatively passive, predictable fashion.

Environmental upheaval

A firm must, of course, depend on outside sources for its existence. It obtains its raw materials and resources from its environment. It returns the finished goods and services to the marketplace of the environment for consumption. The firm is constantly at the mercy of major economic, political, and technological forces. Firms are in a continual process of adjusting to changes in interest rates, modifications of the national level of personal income, new regulatory statutes, the discovery of exotic materials or processes, and the impact of social forces, such as the youth culture which has developed in this country.

Firms could adjust when the change was slow, but as all facets of the environment accelerate toward greater evolution and complexity, the challenge of adaptation becomes one of the major concerns of management. It has been noted that the time lag between scientific invention and manufacture of a product was 112 years for photography. This was reduced to 56 years for the telephone, but more recently it was only five years for the transistor and three years for the integrated circuit. In terms of productivity and automation, in the last 15 years we have doubled the number of automobiles produced with the same number of workers. Markets and products have experienced the same disruption. Major innovations used to occur in various fields every 15 to 20 years. The intervals are now shortened to five to ten years. In the future the time span is expected to be even less.

What does all of this mean for the manager? It means he must strive for a viable organization, which is in the forefront of change. He must be concerned both with attempting to influence the direction of external changes and, also, with anticipating change so that he can gear his organization to these new demands. If one examines existing markets or industries, especially those involved with scientific products, it is evident that it is the adaptive, innovative organization which has succeeded, and the rigid, uncompromising organization which has tended to fall behind. Whole industries can be typified by these trends. We see that with the railroads. As Warren Bennis, one of the leading writers in management, observed, "Bureaucracy seems most likely to founder on its inability to adapt to rapid change in the environment."²

Implications for management

There are, of course, many avenues that can be pursued in attempting to establish a more viable organization. Many of these relate to familiar proposals regarding leadership styles, management by objectives, sensitivity training, and job enlargement concepts. However, the focus of this article is upon approaches dealing with the structure of organizations. Four such approaches deserve coordination.

The first approach deals with the manner in which systems and procedures are established in organizations. All organizations of moderate size and larger have full-time employees whose responsibilities are to coordinate the development of systems and procedures within the organization. Their responsibilities are to develop, promote, and install systems and procedures needed to regulate all activities of the organization. To fulfill their role, they are compelled to continually add to and modify existing company manuals set up for this purpose. Thus, over time, a vast network of systems and procedures is developed which embraces every significant, (and many times insignificant), activity carried on within the organization. And, like the laws of government, many

more such routines are annually established than the few that are revoked. Little wonder that some aerospace organizations in the past have preferred to construct a new plant to start a project rather than use existing facilities. At least in the new plant, they can experience the freedom necessary to innovate rather than risk attempting to get the project off the ground in a highly regulated functioning plant bound by its own procedural straitjacket. If flexibility is becoming this vital for major organizations, should not deliberate means be undertaken to eliminate regulations, procedures, and reports which serve little purpose other than to make some supervisor feel psychologically secure? This proposal is to modify the role of units responsible for establishing systems and procedures by adding as a major function the responsibility to abolish and consolidate procedures which tend to create rigidity in organizations. The systems unit could replace them with procedures or guidelines aimed at making organizations more adaptive. This is especially important where existing procedures reflect primarily the lack of trust which management has in the work force. Standards are, of course, necessary, but if the standards only tie down, restrict, and antagonize employees, they certainly need to be challenged and reevaluated. The almost uncontrolled growth of reports, systems, and procedures, facilitated by the advent of the computer, needs to come under the scrutiny of an organization whose charter is not to expand, embellish, and glorify these regulations, but to restrict them to their proper role in a dynamic organization.

In many governmental agencies and large corporations, the supervisor functions in what is almost a stranglehold of procedural minutia. His area for independent functioning is continually being restricted until it requires considerable enthusiasm to attempt to "do something different." Modifying the mission of systems and procedures staffs in mature organizations to charge them with eliminating as many procedures as they create, could perhaps bring back more of the balance and flexibility in organizations which are necessary if they are to exist as viable entities in the industrial environment of today.

Modifying the criteria

The second proposal is closely related to the first. Not only should the mission of systems and procedures organizations be modified, but the criteria used in developing procedures should also be revised. In the past the key criteria have been expressed in questions such as the following: Do duties, responsibilities, and authority need to be clarified? Is the interface between organizational elements clear? Will a regulation specifying each step be undertaken in a particular process result in activity being more consistent and orderly? Can human error be reduced by finitely prescribing the manner in which operations are to be performed and by introducing many checks into the system? Can activities tangential to the purposes of an organization be discouraged by forcing numerous approvals and sign offs on proposals which do not fit the daily routine? These criteria should be either modified or supplemented by questions such as the following: Does the procedure provide opportunity for innovation and creativity where appropriate? Does the procedure place unnecessary hurdles in the way of completing a task? Does the procedure result in unnecessary complexity and red tape? Is the procedure resulting in activities being routine and boring rather than challenging and interesting? Is the procedure set up to reward passive, conformist behavior and discourage rational analysis and unique approaches? Will the procedure result in restricting people or in expanding the contribution which they make? Obviously, all industrial activities cannot be made interesting, challenging, and full of opportunity but the general tendency by the originators of most systems and procedures is to underestimate the capacities of people and to downgrade the benefits which can come from more unstructured group activity.

Time duration

A third proposal is one which has been made by Peter Drucker in his book The Age of Discontinuity. In referring to government he states:

We may build into government an automatic abandonment process. Instead of starting with the assumption that any program, any agency, and any activity is likely to be eternal, we might start out with the opposite assumption; that each is short-lived and temporary. We might, from the beginning, assume that it will come to an end within five or ten years unless specifically renewed. And we may discipline ourselves not to renew any program un-
... antagonize employees, they certainly need to be challenged and reevaluated

less it has the results that it promised when first started. We may, let us hope, eventually build into government the capacity to appraise results and systematically to abandon yesterday's tasks.3

Such an abandonment principle would also be appropriate to systems and procedures in all organizations. Perhaps a procedure should be given an effectiveness date of three years or whatever period of time would be appropriate for the activity. This would force a future appraisal of the procedure in terms of the results that had been achieved and it would make renewal dependent on demonstrated effectiveness.

This abandonment principle is also reflected in recent industrial practice. It is becoming more and more common for organizations to establish a task force to handle special projects or problems. One of the real advantages of the task force approach is that the organization is automatically dissolved when the assigned activity is completed or the project is brought to a close.

Proficiency in planning

The last proposal is one which has already gained considerable momentum in the past decade. If an organization is to anticipate change it must acquaint itself with the forces that are generating change in the environment. Then it must adapt its organization to these changes which are taking or will take place. If the organization has the size, or special attributes necessary to affect or influence this change, it may choose to utilize its strength accordingly. All of this places a renewal premium on planning. A firm cannot hope to keep itself attuned to what is taking place in its marketplace and in the other elements of our society unless it is devoting significant resources to planning. Planning is also required to keep the internal activities of an organization oriented to what is taking place externally.

In the early 1960s, there were few organizations which were adequately set up to do an effective job of long-range planning. A study completed by Stanford Research Institute in 1963 found that 2,900 out of the 3,600 U.S. manufacturing firms with sales over ten million dollars had "no formalized system" for long-range planning.4 One of the notable management features of the 1960s was the increased emphasis on long-range planning by business firms. By 1968 the number of firms with systems for long-range planning had more than doubled but planning still remains the number one need for improvement in many corporations. Planning is too often nothing more than an existing management system such as budgeting packaged under a new label. According to Alfred P. Sloan, long-time executive of General Motors, one of the major reasons for that organization's success was that while other organizations paid lip service to planning, General Motors devoted resources to it.

A statement by Ralph Cordiner, former president of General Electric is also significant. He stated:

In a time of radical worldwide change, when every day introduces new elements of uncertainty, forward planning may seem to be nearly impossible—an exercise in futility. Yet there never was a more urgent need for long-range planning on the part of every business, and indeed every important element of our national life.5

If organizations are to decrease the uncertainty associated with more rapid change, and if they are to prove adaptive in accommodating to environmental pressures, they must demonstrate a planning capability which is sensitive to these forces.

The highly structured bureaucratic organization which has been dominant in industrial firms in the past is increasingly being viewed with some skepticism. This skepticism results from the rigidities inherent in this type of structure when the economic, political, social, and technological milieu within which the firm functions is characterized by accelerated change. Thus a need arises for deliberate methods of generating bureaucratic de-emphasis.

Four methods are proposed in this article. The first two deal with modifying the orientation of systems and procedures organizations so they concentrate on building flexibility and opportunities for innovation into systems and procedures, rather than focusing entirely on restraining and confining activity. The third proposal is, where appropriate, to limit the time duration of organizational elements, new programs, and procedures, and make their extension or renewal dependent upon a record of demonstrated effectiveness. And, finally, it was acknowledged that any effort to develop an adaptive organization is ultimately dependent upon the capability to understand the forces of change in our society and to plan and control organization efforts in accordance with these forces.

4 Business Week, June 1, 1963, p. 54.