

Exhibit 4-3 The Challenge of Differentiation and Integration.

Theory into Practice

Use integration to enable the organization to achieve efficient operations among different functions, departments, and units.

Theory into Practice

Levels of differentiation need to be matched by appropriate levels of integration.

Differentiation is a relatively easy achievement for organizational design: Most people respond positively to autonomy. But how is integration achieved? A number of possibilities present themselves:

- Cross-functional teams to achieve integration across differentiated functions. The challenge becomes even greater for complex, multiunit corporations
- Global teams to help with cross-national coordination
- A strong sense of common purpose and direction combined with a unified commitment to core values and business strategy
- Common, well-understood values applied across different business units

The particular challenges presented by multinational organizations will be explored later in this chapter.

The Challenge of Control and Creativity

A second design challenge relates to the apparently paradoxical requirements for control and creativity. **Control** refers to design elements called upon to establish order, create predictability, and ensure efficiencies of operation. Traditional controls rely on a number of design features: fixed job descriptions with strict individual accountability; close, watchful supervision; a heavy emphasis on rules, procedures, and hierarchically based differences of status and authority; pay incentives tightly linked to performance; and information distributed on a strict "need-to-know" basis.¹⁰

Building a Vocabulary of Change

Control

design choices called upon to shape employee behavior in alignment with the requirements of outstanding performance.

Traditional controls are especially congruent with a business strategy that emphasizes predictability and standardization. Explicit rules and procedures will be useful when shaping consistent behaviors among employees. Fast-food chain McDonald's has achieved great success by proscribing in careful detail virtually every movement and action of its behind-the-counter employees. Stephen Robbins notes that United Parcel Service (UPS) drivers also follow strictly delineated procedures: "It's also no accident that all UPS drivers walk to a customer's door at the brisk pace of 3 feet per second and knock first lest seconds be lost searching for the doorbell."¹¹ When the core tasks of an organization are largely routine and repetitive, traditional control designs may be more than adequate for the task.

Traditional controls, on the other hand, may hamper an organization's ability to achieve high degrees of flexibility and creativity. But organizations seeking to enhance creativity and flexibility among employees cannot ignore controls. Instead, they can call on **organic controls**: controls that rely less on specific rules and procedures and more on shared values, clarity of organizational strategy, a common understanding about risks to be avoided, attention to performance outcomes, and expectations of interactive and open dialogue.

Building a Vocabulary of Change

Organic controls

an approach to shaping employee behavior that emphasizes shared values, a common understanding of strategy, loosely defined roles and responsibilities, and overall organizational performance.