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The Role of Organizational Design in 21st Century Organizations

Introduction

Thomas Friedman experienced what some may see as an epiphany while doing research in Bangalore, India, saying to his wife, “I think the world is flat.” (Friedman 5) Never before has the concept of the leveling of the playing field through technology been truer. The effects these changes would, and continue to have on organizational design are frightening to some, and exhilarating and freeing to others. Regardless, however, of the style of organization, whether it is what Handy refers to as The Shamrock Organization¹ (Handy, *The age of unreason*), or one of the metaphors discussed in Morgan’s *Images of Organization* (Morgan, *Images of Organization*), the role of organizational design in 21st century organizations and the part that role plays for the individual worker has never been greater.

The World is Flat

Technology has become the great equalizer for developing nations. Since the introduction of the affordable PC, coupled with ever increasing internet speeds, distance has become, in some ways, a thing of the past. This is particularly true in organizational design. No longer are we held captive to a “corporate headquarters” where oversight is centralized in order to maximize and maintain control. Now, with telecommunications at ever increasing speeds, the best, the brightest, and the most efficient can be employed to carry out the day to day business of an organization with little regard to location, time zone or other geographical

¹ The Shamrock is the Irish national emblem. It is a 3-leaf clover symbolic of the “Trinity” or tri-part being of the Christian God. The significance is that it is three distinct parts working harmoniously together toward a common goal.

barrier. The “flat” world allows for organizations to be more flexible in structure and organizational design, which in turn allows for increased productivity, and lowering of cost, particularly those costs associated with permanent employees. It is this phenomenon that is changing the 21st century organization in ways that are forever changing the landscape of the modern organization. Handy refers to this new organizational design as The Shamrock Organization, (Handy, *The age of unreason* 87-113) quickly becoming the norm for small, medium and large companies alike.

The Shamrock Organization

In *The Age of Unreason*, Charles Handy described the ever increasing use of what he refers to as “The Shamrock Organization”. (Handy, *The age of unreason*) The Shamrock Organization consists of “three very different groups of people, groups with different expectations, managed differently, paid differently, organized differently”. (Handy, *The age of unreason* 90) It is these three distinct groups, working as one, that allow the flattening of the world and an increased standard of living in many parts of the developing world.

The Core: Handy describes the core as “well-qualified people, professionals, or technicians or managers” who “work long and hard” and “get most of their identity from their work”. (Handy, *The age of unreason* 94) This aggressive group of individuals is the constant for the company whose remuneration is based significantly on the performance of the company.

The Contractual Fringe: The contractual fringe “is made up of both individuals and organizations”, often “self employed professionals and technician” who prefer “the freedom of self-employment”. (Handy, *The age of unreason* 96-97) Often referred to as subcontractors, these individuals allow the organization access to their talents and expertise without the expense of full-time employees.

The Flexible Labor Force: “In crude terms, these people are the labor market”. They “do not necessarily hanker after careers or promotion; they have interest and concerns beyond the job and are not therefore susceptible to the same kinds of blandishments as the people of the core”. (Handy, *The age of unreason* 99-100) The individuals are casual, often temporary labor

with limited commitment to the organizations. “Decent pay and decent conditions are what they want”. (Handy, *The age of unreason* 101)

The Organizational Design of the 21st Century Organization in a Flat World

So what role does this new design play in the 21st century organization? The answer is fairly simple, but profound in that it changes the very nature of how employers and employees view the world in which they work. A key part of this is that this relatively new, flat structure takes the role of the organization as parent and protector of the flock and shifts that responsibility to the individual. Handy says in *The Age of Paradox*, that “we shall have to make things happen for us rather than wait for them to happen”. (Handy, *The age of paradox* xi) Gareth Morgan refers to the coming (and present) major changes in the way organizations are organized in *Imaginization*, stating that the sea change is “about personal empowerment”. (Morgan, *Imaginization: New mindsets for seeing, organizing, and managing* 14) Even some governmental organizations recognize the change. In 2004, the Prime Minister’s office in the United Kingdom produced an issue paper that examined the individual’s responsibility in many areas, including work. This paper concluded that individuals, in partnership with others (including the government) need to take personal responsibility for their work life. Talking specifically about the Welfare to Work programs of the US and UK, the report considered an individual’s sense of “*reciprocity* (society wants you, or even *I* want you, to make a contribution in return for support)” (David Halpern 32)

Conclusion

The role of organizational design in 21st organizations is more important, and more impacting, than ever before. Never before has the world experienced such technological breakthroughs that allow a leveling, or flattening, of the world’s playing field. From India to China, and from the US to Africa, the world is flat and getting flatter, allowing for, and requiring, organizational changes unlike ever before. Handy’s Shamrock organization is just one example of how organizations are reacting to these changes. Regardless of the theory, however, it is clear that the days of permanent-employee heavy organizations are limited and the new era of

personal employment responsibility is here to stay, and to change forever the face of the workplace around the globe.

Works Cited

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