

Designing Work Organization
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Lecture-13
Inter-organizational Relationship-2

In this particular session of the Inter-organizational Relationship, we will continue with the what are differences in the from the adversaries to the partners are there and the changing characteristics of the inter-organizational relationships, population ecology, what hinders the adaptation and organizational form and niche process of ecological change, institutionalism, institutionalism adaptation, and the as-usual the case study research paper, book recommendations, and references will be there. So, earlier we talked about that is how the competitors can make the collaboration the with each other and as a result the co-optation strategy that can be adopted and whenever there will be the co-optation strategy then there will be the organization structures will be affected because then because of the adversaries you have to take certain decisions. So, what are those decisions and how from the adversaries to the partners this process continues that we will see in this particular session. So, fresh flowers are blooming on the battle-scarred landscape where the once-bitter rivalries once took place is there. So, therefore, because of this competition, they were some bitter experiences, or there were certain decisions that were not favorable to each other. Then in that case, but now, when we are talking about converting those adversaries to the partners, for example, in North America, collaboration among the organizations initially occurred in the nonprofit social services and the mental health organizations where the public interest was involved.

So, here for the interest of the public or you can say the customers or you can say the users for those these particular the social service keeping in mind that is our organization is working for the people, our organization is working for the social services and the helping for example, the mental health organizations. So, therefore, if there is another mental health organization or any organization NGO is there, which is a nonprofit organization and there is it is for social services, then definitely in that case they can work together. So, community organizations collaborated to achieve the greater effectiveness and the better use of the scarce resources are there. So, here this collaboration is for the betterment of the society is there.

Now, whenever we are talking about the betterment of this society, then definitely in that case, we will talking about that is how organizations can collaborate. So,

performance measures for the partnership are loosely defined and the problems are resolved through the discussion and the dialogues are there. So therefore, in that case, it is the always those are the parameters which will be measured so what is the outcome? For example, when we are talking about the mental health organizations, what is the outcome? It is the betterment of the society taking care of the people. So, therefore, the performance will be measured how many people are feeling better now. So, this is the parameters are there.

So, the problems are to be resolved through the discussion and dialogues that is how the organization should work together. From adversaries to partners, the changing characteristics of the inter organizational relationships are there. The traditional orientation of the adversaries was there, that is the low dependence were there and the organizations they were having the suspicious approach to each other and because of the competitions are there and here they will always seeing that is the as a rivalry to each other. While detailed performance measures were the closely monitored in the case of this these traditional orientation was there. So, always it is the narrow down the appraisal or narrow down of the measurement of the performance was there.

Then the focus was on the price, efficacy, own profits was there by these particular in case of the adversaries. And here we will find it is the limited information and feedback was there about your competitors. Now this there are always if there is any conflict, there will be the legal resolution will be there. And there was nothing like counseling or interaction or making face-to-face the solving the problem rather than always the approach was that is taking the legal action was there. Minimal involvement and upfront investment was there.

So, therefore, in that case, it was always it has been seen that is both the competitors other rivals they were having the minimum involvement and they were the joint they will be very minimum investment was there. Short-term contracts were there, they were the separate resources was there and contract limiting the relationship was there. So relationship between these two partners as per the contract only. So when we understand the traditional orientation, traditional orientation was into the silos, it was the isolation and this traditional orientation which was making them to limit themselves within the premises. Now we will see the new orientation that is in the current time and how these adverse inter-organizational relationships have been changed.

Earlier there was suspicion, but nowadays they trust each other, and addition of values to the both the sides are there. So therefore, in that case it is there was only the one person was interested to take the more profit now the mutual benefits are there and mutual concerns are there and therefore, as a result of which both the parties are highly

committed to each other. Loose performance measures were there and problems discussed are there. So it is not that strict and the hunter-style appraisal rather than it is problems were discussed that is our performance is coming low, then in that case what steps are to be taken. Equity, fair dealing and both the profit were there and this is making them that is the both the partners, organizations they were having the equity and profit equal profit were there.

There was nothing like that is the profit was not only shared by one person at the higher side and other other organization is sharing the profit at the lower side. Then in even we are talking about the current era where artificial intelligence is there. So these electronic linkages share the key information, problem feedback, and the people on site that were there. Environments in partners' product design and the production shared resources were there and the long-term contracts were there and as a result of which it is not that is the organizations are restricted to the contract period and within the contract only rather than they were looking for the long-term inter-organizational relationships are there. Business assistance beyond the contract is there and they support each other beyond the premises.

This figure shows that that is how does there is a change in the mindset of the organizations and other organizations maintaining the independence the new model is based on interdependence and the trust is there. Here the another parameter which we are supposed to take care is population ecology. So population ecology perspective differs from the other perspectives because it focuses on organizational diversity and adaptation within a population of organizations is there. So a population is a set of organizations engaged in similar activities to the similar patterns of resources utilization and outcomes is there and that we can say it is a nature of industry it is a sort of industry we can say. And therefore, in that case of these organizational diversity and adaptation within the population of the organization that will have a different perspective.

According to the population ecology view when looking at an organizational population as a whole the changing environment determines which organizations survive or fail. The assumption is that individual organizations suffer from structural inertia and find it difficult to adopt to environmental changes there. So, therefore, here it becomes very important that is the individual organizations they will be having a particular understanding and the structural inertia and then it is fine difficult to the environmental changes are there. So what hinders the adaptation? Now in spite of all these prospects there is a found to be there here there are the certain hinders are there. So why then organization inter organization relationship is not that much encouraged.

So therefore, here the Michael Henman and John Freeman they the originators of the

population ecology model of organization argue that there are many limitations on the ability of organizations to change. So still many organizations they are following the traditional view and they are not going for the modern view is there. The limitations come from the heavy investment to in plants, equipment and a specialized personnel and limited information then the established viewpoint of the decision makers the organizations own successful history and that justifies the current procedures and the difficulty of changing the corporate culture is there. So there these organizations they are finding it difficulty because the decision makers they are having their own viewpoint. These viewpoint is supposed to be developed by the understanding with and interaction with each other, but when a particular organization is having the strongest viewpoint then definitely in that case the joining the other organization developing the inter organizational relationship that will be a problem.

So this is the main hinders is there and it is the acceptance or readiness to change the organization's own successful history that justifies the current procedures are there and when organizations are successful then they say that what they are practicing that is the best one and that is why they are successful. So there is no question of changing them and whenever you are making the collaboration with others you have to little bit change and the difficulty of changing corporate culture is becoming a major issue. True transformation is a rare and unlikely event in the face of all these barriers and therefore here we will find that is it becomes very important that is the whatever has been the investment, heavy investments is made by these organizations then limited information is there and the organization's own successful history that justifies. So therefore there is the transformation is required getting this convince is becomes difficult because they are having the past that record where they have been highly successful and therefore unlikely they will face all these barriers and the population ecology model is developed from the theories of the natural selection in biology and the evolution and selection of the terms are used to refer to the underlying behavioral processes are there. So therefore in that case your ecosystem, the organization's ecosystem and that is having a particular model and therefore changing that on the basis of the biology and evolution that will be really very difficult.

So the population ecology model is concerned with the organizational forms. Organizational form is an organization-specific technology, structure, products, goals and personnel. Now we see that every organization has the specific technology and structure then they will not like to change and which can be selected or rejected by the environment. So once it has been selected then definitely it will be very difficult for getting this rejection by the environment. So each new organization tries to find a niche, there is a domain of unique environmental resources and needs are there so sufficient to support it.

So if you want to make the changes then definitely you require a certain niche domain and that domain of unique and environmental domain that will only help. The niche is usually small in the early stages of an organization but may increase in size over time if the organization is successful. And therefore in that case this particular domain which in the beginning is very small but it is having a long impact and when this domain-specific domain unique environmental resource when it gets the success then the organization becomes big. So if the organization does not find an appropriate niche it will decline and may perish also. So therefore to grow growth of the organization it is very necessary that the organization is having that particular niche and particular domain of unique environmental resources and then only then the organization will grow and come to a successful level.

Now here we will see from the viewpoint of a single firm luck, chance, and randomness play important parts in survival. New products and ideas are the continually being proposed by the both entrepreneurs and the large organizations but which idea and which product which will be developed that will be decided by the customers. So whether these ideas and organization forms survive or fail is often a matter of chance, whether external circumstances happen to support them or not and specially the customers are growing bigger when it is successful and the size of this niche under domain practices that will be increasing. Process of ecological change, the population ecology model assumes that the new organizations are always appearing in the population and thus organization populations are continually undergoing change. The process of change in the population occurs in three stages, variation, selection and retention.

So variation means the appearance of the new diverse forms in a population of organizations and these new organizational forms are initiated by the entrepreneurs are there. So always whenever the population increases and it starts with the organizational so which are the many of them are initiated by the entrepreneurs are there and these are established by the venture or capital by the large corporations associated by the government seeking to provide the new services are there and therefore with the variety and variation this particular process of ecological change will start. Second one is the selection, selection refers to whether a new organizational form is suited to the environment and can survive. Now only a few variations are selected in by the environment and the survive over the long time is there and the third one is retention is the preservation and institutionalization of the selected organizational forms. So certain technologies, products and services are highly valued by the environment, the retained organizational form may become a dominant part of the environment is there.

So in the process of ecological change of the variation, selection and retention the large

number of variations appear in the population of the organization whenever we are talking about the ecosystem. So the ecological changes are there or the increase in the population of a particular the industry is concerned then you will find and it is through most of them are through the entrepreneurs. Selection of some organizations find a successful niche and the survive is there and naturally the environment will accept those population or organizations which are having a successful niche and they are able to survive. And the retention will be only those who will be able to face the competition grow large and become institutionalized in the environment is there and therefore once the environment friendly organization becomes then it goes it becomes the large organization is there. So what should be the strategy for the survival is to be there, organization struggles for the existence because of the competition.

So generally strategy is wide niche or domain whatever your niche every organization has to identify that is what is the niche or the domain area is there because in the competition you will be successful only when you will focus on your domain area and domain area has been well accepted by the external environmental factors. So a broad range of products or services to a broad market will be there. Special strategies are a narrow range of goods or services. So therefore in that case you are not going for the wide range rather than you are going for the narrow range and starts with the small one and goods or services that serve a narrow market is there and then slowly and slowly with the period of time you grow. Institutionalism, the institutional perspective provides yet another view of the inter-organizational relationships and the institutional perspective describes how organizations survive and succeed congruence between the organization and the expectations of the environment.

So as I mentioned that is a it is becoming very very important that is the whether the your ecosystem is accepting you or not and therefore to get the acceptance from the ecosystem and this congruence for the survive it becomes very very important. So institutional perspective that is only when there is acceptance, and there the expectations of the environment have been fulfilled. This is composed of the norms and values every organization is working on a particular norms and values. As I mentioned that is for the retention is concerned. So retention will be possible only when your practices are well accepted by the others.

So values from the stakeholders for example the customers, investors, associates, boards, other organizations, government, community and so on and therefore in that case you will find this is the institutionalism that will be working. Thus the institutional view believes that organizations set up structures and processes to please the outsiders and these activities come to take on rules like the status in organizations. So, legitimacy in organization sections are desirable, proper and appropriate are there then definitely there

will be always this institutionalism that will be established. The institutional similarity many aspects of structure and behavior may be targeted towards the environmental acceptance rather than towards the internal technical efficiency is there and therefore this institutional similarity and that will be working. So here we have to see that is the whenever you are talking about the institutionalism thus the institutionalism that making a particular structure and behavior is there and here is the role of the organization structure.

Now because the population is increasing new entrepreneurs or the new organizations are entering and then you are having your niche or domain and therefore in that case your that niche and domain will be having a typical structure. So what type of the organization structure that will be making you the more successful that may be targeted towards the environmental acceptance and that we have to take into consideration for the internal environmental factors and the external environmental factors are there and that is for the our employees and outside of the organization and that is the government, customers and society. So therefore it should be accepted rather than the rejected by the government, society and other stakeholders. So towards internal technical efficiency, we have to focus. Now this institutional similarity is thus categorized by the forces that cause the organizations in a similar population to look like one another is there.

So it is called institutional isomorphism. So in the case of institutional isomorphism in the academic literature the emergence of a common structure and the approach among the organizations in the same field is there. So isomorphism is the process that causes one unit in a population to resemble the other units. So therefore one organization enters into that particular institution or industries then in that case that organization of a similar nature to the business and should have the resembles with the other organization. So it cannot be very different from the existing organization.

However, you can have different resources, and then the mechanization of resources or the modernization of resources. So that will be different. But because of the maintaining the proper environmental factors, especially the actual environmental factors that face the same set of environmental conditions. Exactly how does it increase and therefore isomorphism will be only when possible when you are entering into an organization in a population to resemble other units that face the same set of the economical conditions are there. Now this institutional adaptation, three mechanisms for institutional adaptation is there, mimetic forces, coercive forces, and normative forces.

So mimetic forces result from the responses to the uncertainty, coercive forces which stem for the political influence and the normative forces which result from the common training and professionalism within the organization is there. So here which is here

whenever we are talking about the institutionalization to be established then you have to focus on that is what is the, there is uncertainty, uncertainty because whether it will be survival or it will not be survival, whether it will be accepted or it will not be accepted. So therefore there is an environment of uncertainty. So coercive forces will stem from the political influence and therefore in that case we have to see that is what are the different factors are there which are making this political influence and the normative forces result from the common training and professionalism is there. So what type of the common training and professionalism is to be provided that we have to see.

So here you will find that is the institutional adaptation, how it goes with the mimetic course when normative is there. So the reason they become similar events are certain innovation visibility and the example is culturally supported range engineering and the benchmarking is there. So it becomes very important that is the whenever you are entering into such an environment where you are required to develop your organization and survive and growth is there you are entering. So the culturally supported range engineering is required. So whatever the external and organizational culture has been developed and so your initiative that should be have been supported by both in internal and external environmental factors and that will create the benchmarking practices.

So these benchmarking practices will be created only when you are having the type of the, the adaptation with the culture, the practices and the characteristics of the institutionalization or that is about the organization systems. So coercive will be the dependence that is a political law, rules and the sanctions are there and here it will be the legal pollution controls and school regulations are there. So here it will be more difficult because you have to get the legal compliances, you have to get the political law, rules and sanctions are there. So it will be giving you the regulations which you have to take care. While the normative is there, so normative means norms, norms are to be formed, a culture is to be developed.

So naturally there will be certain guidelines for the duty, certain obligations which are to be performed, professionalism is to be there for the certification accreditation and moral responsibility will be accounting standards and the consulting training will be there. So these are these normative institutionalized systems which will be adopting. So here whenever we are talking about these, the geometric forces, so most organizations, especially the business organizations, they face the great uncertainty and not clear to senior executives exactly what products, services, technologies or management practices will achieve the desired goal and because you are entering and sometimes the goals themselves are not clear. So here in the case of these coercive forces, all organizations are subject to pressure, both formal and informal is there from the government, regulatory agencies and other important organizations in the environment, especially

those which are in a company's dependent is there. So therefore, there will be the external environmental forces.

Normative forces will be there, organizations change according to the institutional view is normative forces. Normative forces are pressured to achieve standards of professionalism and to adopt techniques that are considered by the professional community to be up to date and effective is there. So institutional view and the organizational design, so institutional view also sees organizations to as having two essential dimensions, technical and institutional. So technical dimensions are day to day work, technology, operating requirements and governed by the norms and rationality of the efficiency is there. While the institutional is there visible to the public governed by the expectations of the public is there and therefore, this has to be taken care of.

So now what I will conclude is this, that is a design essentials. So whenever you are making these organizations, you have to see in the population where do you stand and what you want to achieve. For example, you are at the entry level, so then in that case to that population for the industries that you are working in an environment of uncertainty. So if you are working in the environment of uncertainty and that particular design has to be there, when it is become the course, when the external pressure is very high, then in that case you are supposed to design your organization structure accordingly and when you have become the successful now you develop the norms and rules and then you have to follow the standard parameters. So there has been an evolution in inter-organizational relationships, organizations operate within an ecosystem is there and the four perspectives have been developed to explain relationships among the organizations.

So collaboration is an emerging alternative to resources and dependence is there. So ultimately what is required is that is we develop a particular niche domain and that niche domain can be supported by other industries and therefore that collaboration, collaboration is becoming very, very important. New organizations will niche or left open by the established companies are there and then the institutional perspective notes that inter organizational relationships are the, they are the shaped by the legitimacy as well as the products or services are there. And therefore in that case you will find that is the institutional perspective that is becoming the main important role plays a very important role in the inter organizational relationships are there. This is a case study about the Axiom Global Incorporation was a young associated a prestigious law firm he happened to glimpses a client's bill for a case he was working on and it was only the February and to already we would build an amount equal to my salary for the year.

Said the realize that the most of the money big law firms bring in goes to the defray overhead expenses or into the pockets of the firm's pet partners. The model seemed

broken to me Harsh explained about this idea about a new kind of a law firm. Along with partner Eric Guettel where he is founded Axiom Global Incorporation, Axiom provides the legal services to the corporations on as an immediate basis, typically charging fees that are far less than the traditional law firms are there. So Axiom can change less because it does not have to compensate a highly paid partners and the company's lawyers often work from home or at a client's offices helping to keep the overhead to a minimum Axiom has a staff of around 220 lawyers who take temporary assignments which corporate clients. So, they are employed full time by the Axiom and get benefits, but no pay between the assignments are there.

Harris and Guettel found there were many highly trained lawyers who wanted in different kind of life and they have a more time with the family time to try their hand at writing a book or just a break from the growing pace. So, Joe Risco for example, says he wanted to chill out and try something different and Risco's first assignment was a nine month project for a Goldman Sachs. So although it took a while for the Risco to get used to the prestige desperately between working for a big well known firm and working for Axiom, he says he loves the broad range of experience he is getting. So Axiom has scored a number of the fortune 500 companies as clients including the Cisco system GE, Google, Xerox corporations and so many. So, the modern man makes a lot of sense says the Don Liu of Xerox.

So, Axiom is not trying to displace to top law firm to further high end work such as the major merger or a make a break in lawsuits, but for the more modest on the project this new type of law firm he refills the will and cuts by the 25 to 50 percent is there. So Axiom is one of a number of startups using this variation on the traditional law firm some of the primary with smaller business that do not have any house in legal departments while the others same from the projects with the large corporate clients. But providing services as a needed project basis as a lower cost to their new organizations are changing, challenging the great big law firms having corporate businesses there. This is the research paper ecological system approaches to sustainability and organizational development, emerging trends in environmental and societal accounting reporting systems. Please see that is the you go through these paper and other papers from the journals and you also understand what the research is going on and what are the findings are there.

This is a book evolutionary process of organizational adaptation, this book by Daniel A. Levinthal and this book will help you to understand more about detailing about this particular concept is there. So, finally, I would like to mention these references as usual, that is please go through these references and develop the more and more understanding about this particular institutional relationships. Thank you.