

Assignment Writing  
CiB\_01/03

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## Organization Theory and Design

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**Future Companies need to adapt their  
structures to fit the demand for flexible work  
arrangements**

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## ■ ABSTRACT

The clear tendencies of a growing social group of people towards balanced and sustainable professional and personal life asks for new working arrangements. Flexible work arrangements found in today's companies cover the aspects of time, location, contract and tasks. Based on the contingency theory the new social demand must be fit by new flexible structures within the companies. Two structural models, an integrating and a network type, are proposed and analyzed. Both models provide flexible work arrangements.

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# 1 INTRODUCTION

## 1.1 Background of social development

The Relationship between people and their work has always been in a constant flow and both, the social environment and the working environment, evolved and adapted in parallel.

The industrialization brought new forms of employments, the paid work, social security and old age pensions and gave life to a new middle class. But with the work of the man out of the house woman's work was invisible and lost value. Simultaneously a different picture of the family developed in which the child and the mother's role gained importance alongside re-productive house work.

With the Women's movement and the resulting gender equality, women gained a higher education and the integration of women in the work process started to change the equilibrium again. While the integration of women without children did not ask for big changes in the working environment, the need for solutions to balance work and familial obligations soon manifested.

Job Sharing was maybe one of the first solutions in which two people, generally women, shared one fulltime job and thus found a way to fulfill the family responsibilities without changing the working environment. In the last years different flexible time models were introduced and found increasing acceptance in the society and among employers.

## 1.2 New tendency towards life balance

While the process of integration of family and work is still running an interesting new tendency may be observed: In Switzerland the strongest increase in part time work occurred among men and especially among men without family (Swiss Federal Statistical Office, 2000).

This observation shows that today the demand for more flexible work goes beyond the familial-work balance towards a life balance. Earning money and having professional success are not seen as the only factors to a satisfied life. Spending more time for the life beyond work, for leisure interests or for personal development are important alternatives.

This trend towards life balance, sometimes also summarized under the buzzword sustainability, may also be seen in combination with the different aspects heading towards more self-determination and freedom of choice. Especially among highly qualified people and people in specialists area increased job satisfaction means better control of the work environment including time, place, task and contract. These people are aware, that the job for life does not exist anymore and they take the responsibility to manage their life with an integral view. Individual needs should be balanced with professional obligations.

Considering this trend and supposing a growing social group of individualistic people with an integral view on a balanced and sustainable professional and personal life what would be the impact on the working environment and how will this change the structure of future companies?

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## 2 METHODOLOGY

The question may arise wheatear companies have to adapt to this new trend and wheatear this development is positive or not. What are the benefits for companies and what are the benefits for the employees?

Many attempts have been made to answer these questions and many interest groups of both, the supporting and the skeptical side list their respective pro and contra arguments. But to often these analyzes are based on current company models or on incomplete implementations of flexible working arrangements. The employers as well as the employees want to benefit from new ways of working without changing the fundamental structures that would enable a new partnership that is favorable for both.

There have already been several attempts in the public and private sectors to benefit from new ways of working. Those that have been most successful have taken a radical and integrated approach (Toshiba Information Systems 2001).

The focus of this paper is not to judge but to analyze existing models of flexible work arrangements. Based on Contingency Theory, that postulates that companies must achieve a fit between their organizational structure and their environment in order to survive and thrive (Seelhofer D., 2003), new company structures and processes should be found that take into account the changed social structure and the supposed needs stated in the introduction.

Considering that organizations are open systems and that they are also about people and their needs, the drastic changes of the past years need to be reflected in the company structures.

These models of adapted company structures should give a basis to evaluate implementations of flexible work arrangements.

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# ANALYZE OF EXISTING FLEXIBLE WORK ARRANGEMENTS.

Different fields of flexibilisation may be identified in today's companies and are discussed in specialized literature [Bibliography]. Where flexibilisation means that employers and employees try to find new and different arrangements for that aspect of work than what has been the normal case in traditional companies. The most obvious aspect is time. But there may be found other aspects where new arrangements are implemented:

## 2.1 Flexible Time

Under the aspect of flexible time many different models may be found that are flexible in the sense that there may be a degree of choice about finding a suitable working option: The models can be summarized under the following main categories:

**Flex Scheduling** (Variable hours): Working arrangement with a fixed number of core hours per day, week or year (annualized hours) with the ability to vary giving the possibility to control schedule and distribution of resources. Ranging from "time accounts" giving the employee the total sovereignty over his time to "Zero hours contracts" which results in effect as an on call arrangement.

**Part-time** (Reduced hours): Working arrangement with a fixed schedule but with a reduced number of hours worked leaving more room to the employee to combine different engagements. Task within the company may be shared (Job-share) or special team arrangements may be found. Allowing the possibility of phase in or out (ex: phased retirement)

**Restructured hours:** Special time arrangements different from the traditional 9-5 In the so called "Compressed working weeks" employees work on a special schedule with 4 10-hour days, with the fifth day off.

**Leave options:** Model providing the possibility to temporarily reduce engagement for a certain period of time (maternity / paternity leave, Sabbaticals or Career brakes).

## 2.2 Flexible Location

Working in flexible location means working in the most suitable location for the task in hand. While the traditional working place is located within the company and generally even on a fix allocated desk, new ways include:

**Working on the move:** Working from diverse locations outside of the company. These may include satellite offices, telecentres or virtual offices, on traveling or by the customer.

**Telecommuting** Working from home, replacing the commute journey through electronic access to the workplace (Busin R., Jüngling I., 1998)

**Hot-Desking** Workers do not have their own desks, but are allocated work space according to their needs, keeping their personal belongings in lockers or filing cabinets when not in the office.

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## 2.3 Flexible Contract

The model of a permanent fulltime job has been joined by a variety of other models of employment contracts:

**Outsourcing:** Outsourcing is the transfer of a business process to an external service provider. The service provider normally hires the employees of the concerned process. In "greenfield" outsourcing, the enterprise changes its business processes without any hiring of personnel by the service provider (Bierce & Kenerson, P.C., 2000).

**Freelance (Contract Work):** A freelancer is an independent contractor who earns his or her living by contracting for projects on a project-by-project basis. Alternatively, the freelancer may have obligations under a number of different contracts with different clients at the one time.

**Patch worker:** People working simultaneously under different contracts, in multiple jobs.

**Contractual arrangements:** Special forms of individual contracts as mentioned earlier ("Zero Hours", "Annualized hours contract" etc.)

**Casual labor:** A worker who is taken on to do a one off job who has not the rights afforded to other employees of the company but who is entitled to a higher rate of pay.

## 2.4 Flexible Tasks

Flexibilisation of tasks may be described as the effort towards reduced demarcation of work field. Multi skilled workers may combine different tasks:

**Portfolio working:** Allowing room for those things that are important and yet don't necessarily provide a direct income (background knowledge, social competence etc.). Even a specialist's value increases with a broader portfolio of diversified knowledge.

**Job rotation:** Working in different departments or areas in order to increase interest, skills and motivation of the employees.

**Internal applications:** Providing the possibility to apply to a different job within the own company.

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### 3 IMPLEMENTATION

Based on the different factors of flexibilisation identified in the last chapter, what could be the best fitting company structure? Two different structural models should be outlined and evaluated in this chapter. The most real-life companies are a mixture of the two models and incorporate only some of these structures. The goal of this theoretical abstraction is to give a clearer view on the fundamental idea of implementation.

#### 3.1 The Mother Ship type company structure

The first structural model could be compared to a mother ship in outer space. The company consists of the core structures and the surrounding flexible structures allowing the individual employee to integrate professional life with life around work (Figure 1).

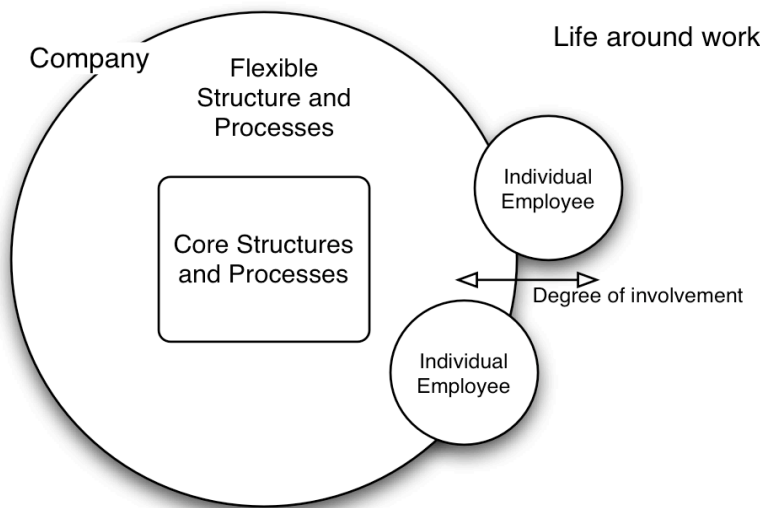


Figure 1: The Mother Ship company structure

The core structures are directly necessary to fulfill the company mission. These structures comprise basic functions like research and development, marketing or quality management.

The supporting structures surrounding the core allow better integration of the working environment with the life around work. The border between working life and personal life is gradual. The individual employee may move into or out of this flexible structure and be stronger or less involved. The degree of involvement is determined based on an equal relationship between the company and the employee.

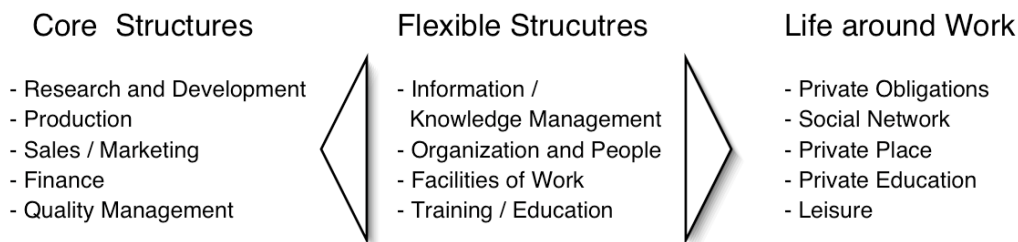


Figure 2: Flexible Structures interface Life and Work

The following descriptions show the implementation of these flexible structures.

### **3.1.1 Information and Knowledge Management**

Information is a key issue in the success of flexible working environment. To enable flexible communication paperwork is reduced and information gets easily exchangeable and accessible. The information is within the company, in the processes and collaboratively accessible. Information is moved out of the private domain. Information technology (IT) provides access to information via Databases or Intranets. IT networks; Telephony and remote access technologies allow the flexible exchange of information and communication.

### **3.1.2 Organization and People**

One very important part in this model is the human resources and organization process. Since the workforce is flexible in time, location and task the organization and planning offers many new opportunities but may also get to complex quickly. Streamlined and simplified business processes are fundamental. Human resource policies and guidelines emphasize self-responsibility and output is monitored rather than control. Resource and time management are part of the project planning. Teamwork and work organization is structured in a way that everybody may perform according to his degree of involvement. Culture of flexible working is lived.

### **3.1.3 Facilities of Work**

The amount of space allocated to every employee should reflect his presence, functional and personal needs. Flexible interior space and Telecenters provide the possibility for flexible local and remote working. Since pure hot-desking arrangements where staff can be allocated anywhere can lead to people feeling strange a combination of team space and managed facilities is favorable. Communication facilities like team rooms allow local and remote workers to meet and integrate. While less personal room is available more clearly differentiated functional space is available like rooms for study, retreat, formal and informal meetings. Locations for better integration of professional and personal life, like day care services, may also be provided. With preventive action in health and safety, home offices are established where appropriate. Space is managed in consistence with the corporate strategy and the personal situation of the employees.

### **3.1.4 Training, Education**

As people are the capital of the company training and education are essential. The equality of opportunity for its entire staff regardless of the number of hours worked is important. In order to allow flexible time models the training efforts and the spending for education are adapted to the degree of involvement of the concerned employee. Training programs even for basic task have a scalable structure. Career opportunities are open to everybody since flexible structures are valid for all levels of hierarchy. Skills, abilities and learning achievements are recognized.

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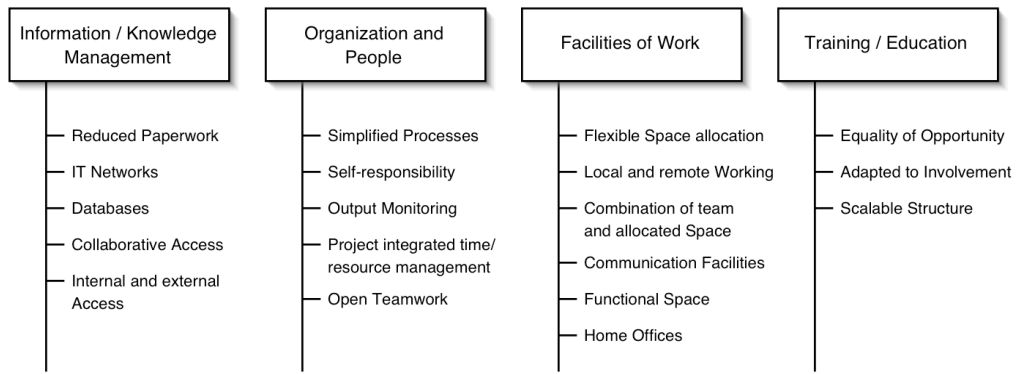


Figure 3: Implementation of Flexible Structures

## 3.2 The Nexus of treaties

The second possible form of company providing a flexible working arrangement is described by Aoki M., Gustafsson B., Williamson O.E. (1990) as “Nexus of treaties”. This organization form is more like a network. The core of the company is the core business, a mission or a project. The associates are independent and self organized people or small groups of people. The flat and loose organizational structure is set up project or mission oriented. The structures are flexible and allow fast acting to cope with necessary changes. The network of relations between the involved partners builds kind of a virtual company.

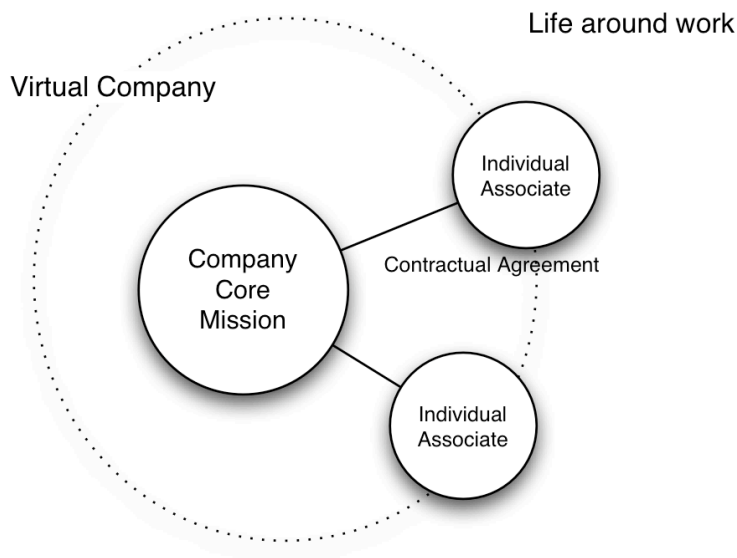


Figure 4: The Nexus of treaties

### 3.2.1 The Core Structure

The Core team of this company form provides and supports the business mission and the corporate strategy. The core structure and processes are concentrated on the achievement of the mission. This includes initiation and coordination of processes by taking in and releasing contractors. Finding correct labor for the job as needed and dealing out appropriate contracts. Further parts of the core processes are the coordination, the output control, the process control and the management of intellectual property.

The company is organized with very few processes not directly supporting the goal of the mission. As much as possible is left to the responsibility of the associated employee. Infrastructure is reduced to a minimum or rent on flexible basis. “The network is the office”. Besides the contractual agreement an important structure connecting the partner of this network company together is the communication and information exchange network. It consists of sophisticated information technology as well as structures for the forming of teams.

### 3.2.2 Individual Associates

The people working in this network company structure are generally highly educated and have a high degree of self-responsibility. They are comfortable with change and innovation. These people work project oriented on an on-hired basis and can build their work in their private life with lots of flexibility. On the other hand, since the company does not support any personal services the individuals need to organize them selves and are responsible for the correct fulfillment of the task they provide. Part of this entrepreneurial ability is also the need to keep their skills up to date and manage the relationship to current and future networks. The working environments may be client offices, their own facilities like home-offices or cyber cafés and hotels. Financial security is generally also to the responsibility of the individual employee.

In this context the term “Ich AG” describes a new form of smallest company built around one single person (Rittweger, S., 2003). This person develops and offers his abilities in a self-determined way.

## 4 DISCUSSION

The two explicit structures, the mother ship company and the nexus of treaties are fundamentally different but provide both a way of flexible working.

The mother ship company type provides as many flexible structures as possible to integrate the employee’s life with the company life. It allows big flexibility but covers a bigger part of the employee’s life. Company culture is thus an important issue. This model is in an overall view more static and probably better suited for large companies with inhomogeneous workforce. The implementation and management of such a structure is more complex.

The nexus of treaties focuses on the essential and leaves the maximum of flexibility to the contractual involvement of the worker. This is a modern company style most suitable for highly educated people and special fields of application. However with a stronger move of the working people towards complete self-determination and independence, this form of employment may get more common. Networks are very flexible but require a maximum of mobility from the individuals.

Both models share attitudes reflecting the modern relationship between employers and employee where a steady shift of balance of power from employers to employees and an increased demand for self-determination and flexibility may be observed:

- Balanced Partnership
- Freedom of degree on involvement
- Self responsibility
- Equal use of flexibility between employer and the employee
- Processes with a scalable nature

Nevertheless flexibility is not implemented in existing structures at the expense of one party but the structure it self is scalable and in mutual obligingness.

The problem of dynamic allocation and relocation of resources and the management of flexible structures are a challenge but offers new opportunities to the company as well as to the employee through dissolution of temporal and spatial constraints.

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The coordination of tasks gets more and more independent from static or predefined structures. The interface between the firm and its environment is redefined to fit the new demand for flexible work arrangements.

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## 5 CONCLUSION

Finally the issues of work life balance and corporate social responsibility are gaining prominence and beginning to move from political concepts to real social issues that are influencing the attitudes of individuals towards employment. Companies need to adapt to fit the new demand for flexible work arrangements. To be effective for both the companies and the employees, structures must be changed. Two abstract models outline possible forms of implementation. Tendencies towards both of these structures may be observed in modern real life companies. Successful companies like Microsoft incorporate structures that provide a broader coverage of the personal life of their employees and build up a familial culture around work (Microsoft Company Culture Information, 2003). Organizations like the Mozilla Foundation developing open source software in a network organization get recognized as an important alternative to classic company models (Mozilla Foundation, 2003).

Of course these models need further examination to find the best fit in real life conditions, but it may well turn out as with the typewriter that was originally thought to help handicapped with writing and finally changed the way of writing for everybody.

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