ORGANISATIONAL DESIGN

Networks, Matrix, New Forms

Bartlett & Ghoshal · Ashkenas · Malone

PAPER 03 / 04

A Furtherance reference compendium on the intellectual traditions behind organisational design, leadership, execution, and culture.

IN THIS PAPER

The first two papers assumed a bounded organisation whose structure could be drawn as boxes and lines. By the 1990s that assumption was under strain from globalisation and collapsing communication costs. This paper covers the responses – the integrated network, the boundaryless organisation and the decentralised firm. The question: when the classical box-and-line structure stops fitting, what replaces it?

Each contribution here shares a single move: it stops treating organisational boundaries as fixed walls and starts treating them as membranes – permeable, reconfigurable, negotiable. What differs is the boundary each is most concerned with, and the driver each identifies as making the old form obsolete.

Christopher Bartlett & Sumantra Ghoshal Managing Across Borders, 1989

International management · the transnational firm

CORE THESIS

The multinational firm is pulled two ways at once: toward **global integration** (efficiency, consistency, scale) and toward **local responsiveness** (adapting to national markets). The classic answers optimise one at the expense of the other. The **transnational** refuses the trade-off: it is an integrated network of specialised, interdependent units, each contributing a differentiated role to the whole, with resources, knowledge and people flowing between them.

FRAMEWORK

Type	Integration	Responsiveness	Configuration
Multinational	Low	High	Decentralised federation of national firms
Global	High	Low	Centralised hub; the world as one market
International	Moderate	Moderate	Centre exports competence to the periphery
Transnational	High	High	Integrated, differentiated network

METHODOLOGY

Comparative case studies of major multinationals across contrasting industries – among them Philips, Matsushita, Ericsson, Procter & Gamble, Unilever and NEC – matched by strategy and traced over time.

SIGNIFICANCE AND CRITIQUE

Bartlett and Ghoshal defined the vocabulary of international organisation design, and the integration–responsiveness grid remains standard. Ghoshal's later work pressed further – the *individualised corporation*, built on purpose, process and people rather than strategy, structure and systems, and his warning that “bad management theories are destroying good management practices”. The critique of the transnational is that it is an ideal type: easy to admire, extremely hard to actually operate.

Ashkenas, Ulrich, Jick & Kerr **The Boundaryless Organization, 1995**

Organisation change · boundary permeability

CORE THESIS

In a fast, information-rich economy, competitive advantage comes less from the resources inside an organisation than from the **speed with which value moves across its boundaries**. The task of design is to make four kinds of boundary permeable enough to let information, ideas and resources flow – without dissolving them entirely, since some separation remains useful.

FRAMEWORK

Boundary	What it separates	Loosening move
Vertical	Levels of the hierarchy	Push decisions to those with the knowledge
Horizontal	Functions and silos	Organise around end-to-end processes
External	Firm from suppliers, customers, partners	Build shared goals and joint working
Geographic	Nations, regions, cultures	Move ideas and best practice across borders

METHODOLOGY

A practitioner synthesis grounded in large-scale corporate change work, most visibly General Electric's *Work-Out* programme, from which many of the boundary-loosening techniques were drawn.

SIGNIFICANCE AND CRITIQUE

"Boundaryless" became one of the most influential design metaphors of the era and reframed change work around flow rather than structure. The critique is that boundaries exist for good reasons – focus, accountability, identity – and that the concept is a vivid direction of travel rather than a rigorous model of when and how far to loosen them.

Thomas W. Malone **The Future of Work, 2004**

Coordination theory · decentralisation · MIT

CORE THESIS

Organisational form follows the **cost of coordination**. For most of history, communication was expensive, which favoured centralised hierarchy. As information technology drives that cost toward zero, the balance tips: **decentralised, market-like and networked forms** become not just possible but often superior, because they place decisions with the people who hold the relevant knowledge and motivation.

FRAMEWORK

Decentralised structure	Where decisions sit	When it fits
Loose hierarchy	Delegated widely, but authority remains	Some direction still needed
Democracy	With the group, by vote or consent	Shared stake in the outcome
External market	With independent buyers and sellers	Work can be specified and contracted
Internal market	With internal units trading freely	Capturing market discipline inside the firm

METHODOLOGY

Coordination theory combined with economic analysis of communication costs, later extended in *Superminds* to the design of human–computer groups and collective intelligence – an early anticipation of platform and networked-work models.

SIGNIFICANCE AND CRITIQUE

Malone read the direction of travel early, and much of the platform and network economy has moved his way. The critique is technological optimism: cheap communication enables decentralisation but does not compel it, and centralised forms have proved more durable, and often more powerful, than a pure cost-of-coordination argument predicts.

Synthesis

Contribution	Central problem	New form	Enabling driver
Bartlett & Ghoshal	Integration vs responsiveness	Transnational network	Global competition
Ashkenas et al.	Rigid internal and external walls	Boundaryless organisation	Speed and information intensity
Malone	Cost of coordination	Decentralised / market forms	Falling communication cost

> **FOR THE OPERATOR**
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> The new forms share a single instinct – boundaries as membranes, not walls – but each is a design *direction* more than a blueprint. Transnational, boundaryless and decentralised are all easier to name than to run, and the cost the network quietly hides is integration: the coordination the old hierarchy did explicitly still has to happen somewhere. The final paper takes the argument to its edge – organisations that try to remove the hierarchy altogether.