Managing flexibility in hierarchical organizations

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“Flexibility must not be seen as opposite of stability, but as a requirement for a higher order of stability; no flexibility without preservation.”

(De Leeuw & Volberda, 1996: 137–138)
Most intergovernmental organizations are huge bureaucracies and, consequently, hierarchic organizations. The United Nations and the European Commission are under almost permanent political pressure from their member states to improve efficiency, and from the general public to implement fair treatment of people from different background: the issue of diversity management has gained in importance. In a series of interviews with Austrian employees we could identify two distinct sets of responses to these challenges. At the organizational level, principles of value-in-diversity are established and, in order to gain in flexibility, teams and task-forces play an important role. Individuals try to contribute to organizational flexibility by boundary spanning and collaborative group work across hierarchy levels.

This briefing document discusses the organizational and individual approaches towards more flexibility and generates managerial implications.

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Mastering flexibility: an organizational and individual perspective

Introduction

Today’s intergovernmental organizations are considered being too hierarchical, bureaucratic and inflexible. A legitimate question therefore is whether or not the structure of these organizations and its staff can keep up with the new needs and requirements induced by a changing environment? In order to deal with the challenges of an increasingly dynamic environment, there is a need to increase flexibility (Sanchez, 1997). Flexibility allows an organization to adjust its current structures and practices in response to changes in the environment. In order to become flexible, organizations need to be able to identify changes in the environment and to have appropriate strategies at hand to accommodate to these changes (Weick, 1979).

This briefing offers an integrated model derived from 100 interviews with Austrian employees in the United Nations (UN) and the European Commission (EC).

Both the UN and the EC are highly bureaucratic and hierarchical organizations and can be described as “an administration under the formal control of the political leadership, based on a strictly hierarchical model of bureaucracy, staffed by permanent, neutral and anonymous officials, motivated only by the public interest, serving any governing party equally, and not contributing to the policy, but merely administering those policies decided by the politicians” (Hughes, 2003). Organizational structures dominated by hierarchy and bureaucracy aim at assuring power, accountability, responsibility and consistency. The hierarchical setting poses for these organizations a challenge to organize and manage in a responsive and flexible way. Our overall model of findings (Figure 1) summarizes factors that influence the daily work in the two studied intergovernmental organizations: organizational structure and individuals, diversity, hierarchy and HR practices.

Figure 1: Overall model of findings

We find that both, organizations and individuals, develop strategies towards improving flexibility in the hierarchical setting. At the organizational level, teams and task forces are established. Individuals employ collaborative group work and boundary spanning.
1. Hierarchy
Hierarchy and flexibility seem to be a contradiction. Previous research has shown that hierarchical structure obstructs flexibility in the task fulfillment. In contrast, our findings emphasize that to make use of hierarchical structure one needs to go beyond this general understanding. We find that the hierarchical structures are supportive for fulfilling routine tasks which have to be executed on a regular basis to well defined rules and regulations. Hierarchy and established bureaucracy guarantee smooth and fast accomplishment of routine tasks.

2. Value-in-diversity
Value-in-diversity is a principle of daily routine. By their very nature, both, the United Nations and the European Commission are multinational places. Subsequently, they are also multicultural places with diverse ethical, religious and socio-economic structures. It is appreciated that there can be significant gains for organizations when individuals of diverse backgrounds work together. The challenge is to establish practices and processes which make use of the value-in-diversity. Our findings show that the UN and the EC offer distinctive structures and responsive HR practices for working together and making use of diversity.

3. HR-practices
Integrating HR practices that foster flexibility in a bureaucratic and hierarchical organizational structure is one of the biggest challenges the United Nations and the European Commission face. McHugh & Bennett (1999) recognized that “the new agencies have experienced some difficulty with the implantation of their often disintegrated programs of strategic change. The root cause of these difficulties might lie in a rigid adherence to an outmoded set of cultural values, a bureaucratic structure and old reward systems coupled with a panic crazed obsession with efficiency, all of which may act as impediments to longer term organizational performance”.
Let’s have a closer look at the HR practices how they look today. Do they support flexibility across hierarchical boundaries?
Practice #1:
Job rotation aims at gaining a better knowledge of the work of other organizational units. However, in the studied organizations job rotation does not automatically lead to knowledge transfer, continuous learning and progress. An organizational climate of high mobility makes trust building quite difficult. The regular change of high ranking staff is accompanied by frequently changing principles of decision making and practices. This is an impediment to the creation of a team or group atmosphere, which seems to be indispensable when it comes to political issues. Both, organization and individuals develop their own strategies to cope with the issues of job rotation. The organization defines who will rotate to what position within a clear hierarchical structure. By contrast, individuals use boundary spanning to overcome information gaps, which might occur if an important co-worker has been rotated to another position or department.

Practice #2:
The performance appraisal system is in general geared towards the individual. This influences the implementation of cooperative thinking as individuals have to deliberate about individual interests or team/group interests. Task forces are compatible with appraisal systems geared towards the individual. In response to non-routine challenges, the organizations prefer to establish task forces.

About the research
The insights presented here were drawn upon research conducted to gain a deeper understanding of cooperation in intergovernmental organizations. A total number of 100 interviews with Austrian employees were conducted between 2004 and 2007 in the United Nations and the European Commission. Multiple perspectives were elicited in order to explore the main characteristics – both from an organizational perspective as well as from an individual perspective – that influence cooperation in such a setting. Financial support from the Oesterreichische Nationalbank (Jubiläumsfondsprojekt Nr. 11618) is gratefully acknowledged.
The analysis of the interview data was derived from different strategies related to the management of flexibility in the context of hierarchical, bureaucratic and diverse organizations. The organizations themselves implement teams and task forces to become more flexible and to make use of the value-in-diversity. Whereas hierarchy and bureaucracy are successful structures for routine tasks, the organizations have realized that they need to implement teams and task forces as strategies to increase flexibility in order to fulfill non-routine tasks.

**Teams**
A team is a number of two or more people who are committed to a common goal which is specific and different from each team member’s individual goals. Team members work collectively to reach this goal. They share leadership roles and follow a collective decision making process. Furthermore, the solution to problems is found in the course of collective discussion.

The outcomes of the team work are subject to collective performance measurement (Katzenbach & Smith, 1993).

**Task forces**
By task force we understand a temporary unit established to undertake a well defined task or activity. A task force can be built out of individuals and equipment from different divisions or departments, without having to go through the paperwork entailed by the hierarchic organization and its bureaucracy. The opening of existing structures for task forces facilitates the task fulfilment of individuals and subsequently enables the organization itself to act in a more flexible way. It also can include outside specialists.

In this way, task forces use the value-in-diversity by sharing information and knowledge from several sources which may induce new ideas and approaches towards problem solving.

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**Statement from the interviews**

Right from the start the advantage of a mixed team was clear because it was easier when advising politicians to spot sensibilities in the individual member states early, which results in a possible solution compared to another possible solution for a problem or does not result in one and so on. This means, it could be seen most clearly that a team with a very mixed composition certainly increased our problem solving capacity and, in particular, improves our sensitivity that can lead to different suggestions for solutions and policies. That is, you can thus reduce the time you need to react to problems [...].
(Male, EC, translated by the authors)

**Statement from the interviews**

There were ad hoc groups in the entire UN. High ranking personalities of diverse divisions were responsible for questions of immediate relevance. Mostly, these ad hoc groups formed themselves to solve non-routine tasks.
(Male, UN, translated by the authors)
Individuals employ the inherent diversity of the organization to perform their tasks, which in turn depends on the role which individuals have within the organization. Routine tasks are performed within the hierarchical structure, and an understanding of the established bureaucratic principles and regulations is needed. For non-routine tasks, the functional diversity and an understanding of the different needs of the different members states is needed to perform the task. Thus, one could argue that the value-in-diversity is lived by organizational members of intergovernmental organizations when performing non-routine tasks, in particular. The focal point is, how individuals integrate the diverse knowledge available across hierarchical levels. Our findings show that two approaches are used by individuals to increase flexibility: boundary spanning and collaborative group work.

**Boundary spanning**

*Boundary spanning activities support individuals to overcome hierarchical barriers, thus to increase the flexibility of individuals.*

Boundary spanning is an important managerial practice to increase flexibility within a hierarchical organizational setting. Generally speaking, boundary activities as described by Cross, Yan & Louis (2000, p. 843) are those “in which an organizational entity engages to create and maintain its boundaries and to manage interactions across those boundaries”. This organizational entity may be an organizational unit, a group or team or an individual. The main reason for boundary spanning is to overcome information deficits grounded in the hierarchical structure and bureaucratic procedures. When individuals realize that communication within organizational boundaries is inefficient, time consuming or too costly, they engage in boundary spanning. This leads to an increase in their own flexibility and the flexibility of the organization. Individuals start to span boundaries through networking, communication and exchange of information across hierarchical boundaries to get the information needed.

Individual boundary activities create networks beyond hierarchical structures, in particular a parallel system to the official system.

**Collaborative group work**

*Collaborative group work is an approach to increase flexibility. Informal cooperative norms motivate individuals to engage themselves in an active exchange of information.*

While the organization establishes teams and task forces, individuals go beyond the official structure. Collaborative group work enhances

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**Key Findings**

**The quest for individual flexibility: collaborative group work and boundary spanning**

*Statement from the interviews*

*There are key persons which are the link between organizational entities. There is an informal, social network which in my view is much stronger than the hierarchy.*

*(Male, UN, translated by the authors)*
their flexibility within hierarchical structures. Our findings show that individuals are aware of the value of the diverse cultural and functional backgrounds for getting their tasks done. However, even though individuals recognize the value of the inherent diversity, they need to learn how to identify and deal with it.

Culturally experienced individuals foster the establishment of cooperative norms, most importantly ‘mutual considerateness’, to reduce potential sources of conflicts. Experiences in working with a foreign language help individuals to identify appropriate culturally-determined behavior and, thus, to cope with specific characteristics of the foreign culture. If people are not very experienced in working in a foreign language, language barriers can give rise to a large number of negative consequences: uncertainty and suspicion, deterioration of trust and a polarization of perspectives, perceptions and cognitions (Feely & Harzing, 2003).

However, there are other conditions, such as time pressure, under which cultural differences become explicit even within an increasingly globally experienced workforce. Under time pressure, differences in communication and work styles across the various cultures can give rise to misunderstandings. Time pressure reduces the capability of individuals to behave in a considerate manner. Individuals take recourse to their national culture-determined behavior. Different styles of criticizing and differences between process and task oriented work styles override considerate cooperative norms (Neyer & Harzing, 2008).

**Statement from the interviews**

Well, it can get interesting [...] when you are under time pressure, when people approach a problem differently. [...] this results in impatience and can effectively lead to communication problems, because you simply say, this person is inefficient, instead of saying yes or no it always takes him five minutes to explain why. I’ll gladly spend the five minutes if I have the time or if I want to know more but a yes or no would be a sufficient answer. Why should I listen to the rest?

*(Male, EC, translated by the authors)*
“Still, it is true for every level of consideration, that a system’s flexibility requires both adaptability and dominance if the system’s identity is to be preserved and allowed to evolve along with that of the wider system.”

(De Leeuw & Volberda, 1996: 137)
Managerial Implications

Flexibility in hierarchical organizations – the challenge of designing a hybrid culture

The clue to increased efficiency of intergovernmental organizations lies in the strategic use of hierarchy and diversity to create flexibility. Organizations and individuals apply different approaches towards an increase of flexibility. Whereas the organization relies on hierarchical structures and implements teams/task forces, individuals engage in collaborative group working and boundary spanning. Both approaches are successful up to a certain degree. The major challenge is to design a hybrid culture in which both hierarchy and flexibility can co-exist without turning the established organizational structure upside down.

First, the organization has to tolerate that individuals apply their own approaches towards flexibility. This is even the case if the organization engages in setting up a more team-oriented culture. The hybrid culture needs Human Resource practices, which aim at making use of diversity. This culture needs to be team orientated and individual orientated depending on the type of task. Team-oriented HR practices involve collective decision making, shared leadership roles, collective discussion and solution of problems, as well as collective performance measurement. These practices foster the value and use of diversity and increase flexibility, too.

Second, staff training needs to be designed in a way that employees are becoming aware of the different requirements related to working on routine tasks or in a team or a task force. Training should support individuals to develop teamwork and task force related skills, such as flexibility and openness towards new situations. Skills and experience in collaborative group work encourage the establishment of group or team norms, which help to reduce conflict. Individuals' flexibility-increasing strategies need to be openly addressed. They depend on the individuals' challenges to cope with diversity. If individuals manage to develop informal but consistent norms of behavior they can increase flexibility through cooperative working; if not, boundary spanning can be used as flexibility-increasing strategy.
The European Commission

The Commission is the politically independent institution that represents and upholds the interests of the EU as a whole. It is the driving force within the EU’s institutional system: it proposes legislation, policies and programs of action and it is responsible for implementing the decisions of the European Parliament and the Council.

Like the Parliament and Council, the European Commission was set up in the 1950s under the EU’s founding treaties. The term “Commission” is used in two senses. First, it refers to the Members of the Commission – i.e. the team (“college”) of men and women appointed by the member states and Parliament to run the institution and take its decisions. Secondly, the term “Commission” refers to the institution itself and to its staff. The day-to-day work of the Commission is done by its administrative officials, experts, translators, interpreters and secretarial staff.

(online query: March 19 2008)

The United Nations

In 1945, representatives of 50 countries met in San Francisco at the United Nations Conference on International Organization to draw up the United Nations Charter. The Organization officially came into existence on 24 October 1945, when the Charter was ratified by China, France, the Soviet Union, the United Kingdom, the United States and a majority of other signatories. The Charter is the constituting instrument of the United Nations, setting out the rights and obligations of Member States, and establishing the Organization’s organs and procedures. The purposes of the United Nations, as set forth in the Charter, are to maintain international peace and security; to develop friendly relations among nations; to cooperate in solving international economic, social, cultural and humanitarian problems and in promoting respect for human rights and fundamental freedoms; and to be a centre for harmonizing the actions of nations in attaining these ends. The United Nations family of organizations is made up of the United Nations Secretariat, the United Nations programs and funds — such as the UN Children’s Fund (UNICEF) and the UN Development Programme (UNDP) — and the specialized agencies. The programs, funds and agencies have their own governing bodies and budgets, and set their own standards and guidelines. Together, they provide technical assistance and other forms of practical help in virtually all areas of economic and social endeavour.

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Dr. Dagmar Kiefer received her doctorate in International Management from the WU Wirtschaftsuniversität Wien in 2008. During her doctoral studies she mostly worked full time in finance for an international company, but she also spent several months as a research fellow at the University of Melbourne (Australia). She currently is project manager of an internationally operating Austrian company.

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Prof. Dr. Gerhard Fink is Jean Monnet Professor for applied micro economics in European integration and director of the doctoral programs at WU Wirtschaftsuniversität Wien. He was director of the Research Institute for European Affairs (Jean Monnet Centre of Excellence) during 1997–2003. Professor Fink can refer to about 200 publications in learned journals and authored or (co-) edited about 15 books, in 2005 he was guest editor of the Academy of Management Executive, one of the leading management journals in the USA. Since 2007 he is associate editor of the newly founded European Journal of International Management. His major research interests are in international business, intercultural management and business strategies in the European market(s).
It is not easy to increase effectiveness in a context characterized by bureaucracy and hierarchy. The original premises and research questions for this study sought to explore flexibility-increasing strategies applied by bureaucratic, hierarchical and diverse organizations. Overall we found that both the intergovernmental organizations and its employees apply operational strategies to increase flexibility. With regard to organizational strategies we found that the nature of the task and the applied HR practices determine whether teams and task forces are implemented. With regard to individual strategies we found that collaborative group work and boundary spanning help to increase flexibility in a bureaucratic and hierarchical context.

The core message for hierarchical and bureaucratic organizations is to take advantage of their diversity and actively engage in creating a hybrid culture to deal with the non-routine challenges and tasks that intergovernmental organizations face in the 21st century.

Summary
Selected Literature


