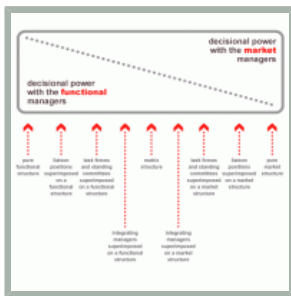


seven lateral relationships



characteristics

author:	Galbraith, Jay R.
country:	United States
period:	1973
type:	model
role:	consultant and manager
activity:	analyse and design
topic:	org. design & development and information technology
abstr. level:	organisation
perspective:	learning
status:	final
module:	classics I
comments:	2

description:

The American organisation design specialist, Jay Galbraith, regarded organisations as information processors. He theorised that the more uncertain an organisation is about its task, the greater its need for information processing. An organisation can achieve a higher level of information processing capacity through:

1. more coordination using rules or procedures;
2. stronger hierarchy that focuses on exceptions outside the norm;
3. clearer targets and goal setting.

However, these three traditional approaches provide limited information processing capacity. Changes to the organisational structure are required when additional information processing is needed. An organisation can pursue two design strategies:

1. *Reduce the level of required information processing*
by adding surplus resources or by output-based rather than input-based planning.
2. *Increase the organisational capacity to process information*
through the investment in vertical information systems or the creation of lateral relationships that cut across hierarchical authority.

Galbraith classified lateral relationships as follows:

1. Mutual adjustment

Managers on the same hierarchical level take joint decisions that eliminate the need for 'upward referrals'.

2. Liaison role

To reduce the hierarchy's coordination effort, when frequent communication exists between two interdependent departments, a special liaison officer can be assigned to foster communication.

3. Task force

When more than two departments are involved in decision making, a temporary task force of representatives from each of the interdependent departments can be created. Decisions made through group processes tend to be of higher quality than when made by individuals.

4. Team Decisions

made on a more continuous basis transform the temporary task force into a permanent cross-departmental team.

5. Integration role

The issue of finding an accepted leader for a cross-departmental team is often difficult since different departments prefer their own candidate. This leadership issue can be solved by introducing new integration roles such as project managers, program managers, or product managers. The power each has in relation to line managers should be predetermined. Individuals with integration roles often rely on 'expert power' from informal influencing and persuasion.

6. Managerial linking role

Adding financial control provides greater power to the integration role. Budgets are first allocated to 'managerial linking pins' who in turn 'purchase' goods and services from line managers.

7. Matrix organisation

is defined by its dual authority structure. Some roles in this organisation form require reporting to two superiors, a line manager and an 'integration' officer.

Lateral relationships benefit the organisation by permitting more decisions, different types of decisions and better and faster decision making. Lateral decisions also free top management to focus on non-operational decisions. However, decentralised decisions may be sub-optimal since middle management lacks top management's overview. In addition, cost increases with the scope of the lateral relationship: the more people involved, the more time is spent on communication, problem solving and conflict resolution.

assets:



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pros:

- This overview helps the organisational designer select an appropriate lateral relationship based on the organisation's coordination requirements, the severity of the problem and the cost of the instrument.
- Galbraith's combination of information processing and decision making forms has proven useful for analysing and designing organisation structures.

cons:

- The view of organisations as fundamental information processing entities is limited because Galbraith assumed that organisations want to minimize information processing costs and are willing to change their structure to obtain this objective.
- Galbraith regarded information processing as a "black box" that he never explained or explored. He also demanded that decision makers base their decisions on a strong rationale independent of political processes.
- The degree organisations want to institutionalise lateral relationships as their coordination instruments depends on their size. Small organisations depend primarily on personal contacts.
- Galbraith's model fell within the theory of contingency where an effective organisational structure is depended on external conditions. Although contingency theory provided useful insights, the analysis lacked refinement and was difficult to prove empirically.

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