Chapter 25
Mintzberg’s Adhocratic Organization Structure

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ABSTRACT

The importance of innovation for enterprises increases each passing day. As a result of globalization, enterprises are under intense competitive pressure. They have to make innovation for increasing market share or for protecting it. Non-innovative firms lose their customers and their existence faces a threat from other innovative actors in the market. Therefore, firms have to design their organization structure that encourage innovation. Mintzberg’s innovative organization structure is investigated in this chapter. Mintzberg’s five-part organizational structure is described briefly in this chapter, and a case study, which is related to innovative (adhocratic) organization structure, is performed. Thus, its aim is to identify the diversity between theory and practice via of the theoretical knowledge. As a result of the study, a high degree of similarity between the application and Mintzberg’s theory, which is related to innovative organization structure, is identified.

INTRODUCTION

Investigate the relationship between the environment and organizational structures in enterprises are an important matter of business management and organization discipline. Factors such as economic conjuncture, operating sector, the relative competitive position of the business in the sector and so on is determinative to formation of organizational structures. When considered from this point of view to organizational structures, globalization process is seen as the most important environmental factor affecting organizational structures. Today, with the effect of globalization, frontiers are removed and competition has increased steadily. As a technical term innovation refers to result of novelty and also an economic and social process connected with differentiation and change as lexical meaning (Elçi, et al, 2008).

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According to OECD and Eurostat, and the generally accepted definition, innovation is practiced of new or significantly improved products or services, processes, organizational structures, new marketing methods at workplace organization or external relations. According to Gümüşlüoğlu (2009), increase in innovation performances of the countries in nowadays, plays an important role for economic and social progress, prosperity and development. Therefore, innovation and innovative thinking in organizations has become one of the most mentioned issues. Roman and his friends (2011) have defined to innovation as internal activities that are concerned the whole organization.

Innovation, according to Harmaakorpi and Mutanen (2008), is implementation of a new organizational method on the firm’s business practices, workplace organization or external relations. Organizational aspect of innovation is likened to roe by Sunding and Zilberman (1999) and they emphasize that innovation processes should be taken into account by both private and public sector. In addition to this thought, according to Stalk and his friends (2009), organizations should be creative more than ever and innovative for to sustain their lives, to compete, grow, and to go up a leading position in the market. Although the business community and the academic world come to agree about the definition, importance, and of the necessity of innovation, Godin (2005) said that innovation have measurement problems.

BACKGROUND

Henry Mintzberg is handled to innovation in terms of whole organization and talked about innovative organizations. So innovation is not just a case of working on a few people in an organization, it has transformed into an organization structure. From this perspective, Adhocracy is the most widely used word with the innovation. Adhocracy also referred to as the opposite of bureaucracy, is the

name given to structure that is encountered on the innovative organizations. Innovative organizations are also used in the same sense with adhocratic organizations.

For the first time put forward by Weber, bureaucracy is an organization form that are collected of hierarchy, authority, division of labor, written rules and correspondences (Koluman, 2010). The problem revealed by the bureaucracy is placement of persons to these strict categories and regulations, procedures and organizational charts connect them to past methods (Gore, 1993).

According to Dolan (2010), adhocratic structure is located between highly structured bureaucracies and low-level structured anarchic organization structure and it is in a close side to anarchism. Managers have a high level of technical and professional knowledge (Roodenburg, 2008). Adhocracy is defined as identifiable structures that various expertise fields (horizontal differentiation) are too much, superior control (vertical differentiation) is very low and low degree of formality and centralization (Altuntaş, 2007). Ad-hoc means “one-off”, “target”. It refers to the high organic structure. Teams can develop the ability to solve problems jointly on adhocratic structure, if information transfer between teams is productive. Adhocratic organization structure a structure that the exact opposite of the bureaucratic organizations. It refers to dynamic, entrepreneurial, innovative, creative, and flexible organizational environments. Organizational positions are temporary not permanent, so they aren’t considered important.

Tendencies of centralization in the organization as organization structure are not very common. People are encouraged to use initiative, to take risks, to make innovation and civil liberties within the organization (Mintzberg, 1979). Adhocracy has simplicity, lower formal structure, decentralized management style and organizational flexibility instead of bureaucratic structure properties such as complexity, centralization, formality and a high degree of rigidity. According to Attar and Pourezat (2009), a high degree horizontal