Hierarchy in Project-based Organizations: a Critical Approach

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The study is part of a 3-year research project (Inovnet project) addressing innovation, project-based organization, and network organisation form.

Inovnet aims to understand (general objectives):

- The learning processes and knowledge exchange underpinning innovation projects
- The network organization forms and their implications in innovation

Research object:
Interorganizational networks formed to develop a specific technological innovation (output).

Methods:

- A 12-month ethnographic study involving 6 project-based organizations (one is still underway)
- data was collected through interviews, participant observation, and documentary analysis

This presentation will focus on a specific feature of organization: **control.**

Regarding control in network organizations and/or innovation activities, the management discourse claims that:

"the rise of **the network firm** (…) [which] emerged in the 1980s and is **characterised by a rejection of bureaucracy and an embracement of competition, flexibility, innovation, creativity, lean production and self-management**." (Ivanova, & von Scheve, 2020, p. 780)

"demise of the **traditional manager, preoccupied with command and control, reactive 'fire-fighting' and the mundanities of routine administration**, and the emergence of the **'new' manager, engaged in collaboration and coordination, proactive development, leadership and entrepreneurship**." (Hales, 2002, p. 64)

"the requirements of **knowledge production** increase rather than reduce the need for community and trust; the pure market path is even less viable than a combination of market and hierarchy" (Adler & Heckscher, 2006, p. 26)

Literature on post-bureaucracy (e.g., Alvesson et al., 2004; Grey & Garsten, 2001), neo-bureaucracy (e.g., Sturdy et al., 2015), especially in knowledge-based activities (e.g., Adler, 2001; Sewell, 2005)

Projects (fictitious names)	**Cartor**	**Malea**	**Reman**	**Lonven**	**Smalo**
Number of workers involved	40	12	12	19	31
Number of organizations involved	14 (technology development centers, firms, research centers/universities)	3 (firms, research centers/universities)	3 (firms)	3 (firms, public organizations)	6 (firms)
Innovation type	Product innovation to meet a national need that emerged during the pandemic High technological complexity New product to the organization that represents clear departures from existing organizational practices	Product innovation to include an improvement requested by customers Low technological complexity. Involves a very recent technology. Implies little departure from existing practices.	Process innovation to include recycled raw materials in the production process Medium technological complexity Implies some changes to previous practices	Product innovation to meet a national need that emerged during the pandemic High technological complexity New product to the organization that represents clear departures from existing organizational practices	Product innovation to meet a market need High technological complexity New product to the organization that represents clear departures from existing organizational practices
Investment value	3,6 M euros	200K euros	n.a.	355K euros	8M euros
Project length	9 months (started at march 2020)	15 months (started at october 2020)	24 months (started at may 2020)	15 months (started at may 2020)	4 years (started at december 2016)

Projects (fictitious names)	**Cartor**	**Malea**	**Reman**	**Lonven**	**Smalo**
Network participants' selection	Selection based on mixed criteria (institutional and personal relations)	Selection based on institutional relations	Selection based on institutional relations	Selection based on institutional relations	Selection based on personal relations
Coordinating mechanisms between workers and project	Workers have a previous, formal relationship with the organizations in the project (work contract). Project tasks are handed to them by their employer as part of their work tasks.	Workers have a previous, formal relationship with the organizations in the project (work contract). Project tasks are handed to them by their employer as part of their work tasks.	Workers have a previous, formal relationship with the organizations in the project (work contract). Project tasks are handed to them by their employer as part of their work tasks.	Workers have a previous, formal relationship with the organizations in the project (work contract). Project tasks are handed to them by their employer as part of their work tasks.	Workers have a previous, formal relationship with the organizations in the project (work contract). Yet, one worker was wired to work exclusively for the project (as service provision contract).
Coordinating mechanisms between formal organizations and project	Informal agreements between organizations guided by previous interactions	Formal, very detailed agreements between organizations	Formal, very detailed agreements between organizations based on market prices	Formal, very detailed agreements between organizations	Informal agreements between organizations guided by personal relatioships
Control	Vertical hierarchical control Control reports and procedures (skipped in critical moments)	Vertical, tight hierarchical control Multiple, time-consuming control reports and procedures	Vertical, tight hierarchical control Multiple, time-consuming control reports and procedures	Vertical hierarchical control Control reports and procedures	Vertical hierarchical control
Workers autonomy	Medium	Low	Low	Medium	High

Early findings point to:

— Bureaucracy features are still very present in 1) new organizational forms such as networks and 2) innovation activities.

— Networks are not flat organizations. Despite informal, these organizations have hierarchies.

— Hierarchical control seems to be the ultimate form of control.

(Implications from neo-Weberian and LPT perspectives)

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