COLLABORATION AS AN ORGANIZATION DESIGN FOR SHARED PURPOSE

Paul S. Adler and Charles Heckscher

ABSTRACT

"Shared purpose," understood as a widely shared commitment to the organization's fundamental raison d'être*, can be a powerful driver of organizational performance by providing both motivation and direction for members' joint problem-solving efforts. So far, however, we understand little about the organization design that can support shared purpose in the context of large, complex business enterprises. Building on the work of Selznick and Weber, we argue that such contexts require a new organizational form, one that we call collaborative. The collaborative organizational form is grounded in Weber's value-rational type of social action, but overcomes the scale limitations of the collegial form of organization that is conventionally associated with value-rational action. We identify four organizational principles that characterize this collaborative form and a range of managerial policies that can implement those principles.*

Keywords: Purpose; value rationality; organization design

Under both competitive and social−cultural pressure, many enterprises attempt to create and sustain a sense of shared purpose (Hollensbe, Wookey, Hickey, George, & Nichols, 2014, p. 1228). Shared purpose can be particularly useful in

larger, more complex organizations facing dynamic environments. Here, members need to collaborate across internal organizational boundaries to define intermediate goals and to resolve encountered in pursuing those goals. But such settings also pose distinctive difficulties for creating and sustaining shared purpose. This chapter attempts to characterize the organizational design that can overcome those difficulties.

Let us be clear about what we mean by a shared commitment to the organization's purpose. By *organization's purpose* we refer to the organization's fundamental *raison d'être*, the ultimate reason for the organization's existence − what it contributes to society in exchange for the resources it requires − as distinct from the goals pursued by the individuals in it. By *commitment* to this purpose, we mean a "volitional psychological bond reflecting dedication to and responsibility for" this purpose (Klein, Molloy, & Brinsfield, 2012). By *shared* commitment, we refer to the commitment experienced by a large proportion of the organization's members: the degree of sharing may vary, but at a minimum, it goes beyond the top management team. For simplicity, we refer to this construct simply as shared purpose.

Shared purpose may be exalted ("We aim to cure cancer") or mundane ("We make great cheap shoes"): in either form, it can valuable in providing motivation and direction for employees' efforts. In this, shared purpose is similar to the job characteristics model concept of "task significance" − the feeling that one's job will have an impact on the well-being of others (Grant, 2008; Hackman & Oldham, 1976; Humphrey, Nahrgang, & Morgeson, 2007). Our focus here, however, is not on what *I* do or on the effect of *my individual* efforts on other people: it is on what *we* do as an organization and on the impact of *our collective* efforts on the broader society. Our focal question is not about motivation and task-design enablers at an individual level (important though these are), but about *collective* motivation and its organization-design enablers (Chen & Kanfer, 2006). Shared purpose in our sense is more closely related to concepts such as organizational mission − what the organization does to fulfill its purpose; organizational vision − what the organization (or the society it serves) will look like if its purpose is fulfilled; and organizational identity − the central, enduring, and distinctive features that define who we are and what we do when we pursue this purpose.

Using shared purpose in this sense, Bill George, former Medtronic Chairman, expressed his view of its importance to motivation this way:

> Everyone wants to be fairly compensated for his or her efforts. But that is not enough [...] [R]eal motivation comes from believing that their work has a purpose, and that they are a part of a larger effort to achieve something truly worthwhile. When a company offers them this sense of purpose consistently over a long period of time—without deviating and without vacillating—then employees will buy into the company's mission and make the commitment to fulfilling it. They will go the extra mile to serve customers. That may mean working well into the night or accelerating the timetable for a crucial new-product introduction. (George, 2001, p. 42)

Shared purpose matters for direction as well as motivation. Nordstrom's purpose — "provide a fabulous customer experience by empowering customers and the employees who serve them" — helps orient everyday problem solving at all levels of the organization (Ross, Beath, & Sebastian, 2015).

Thanks to an earlier generation of research — most notably by Selznick (1957) — we understand the importance of shared purpose to organizational performance, and we have some insight into the pathways for its creation. Selznick's basic argument was that the formal rationality provided by bureaucracy cannot by itself provide the unity of action and institutional robustness that is afforded by the "infusion of value" and the creation of shared purpose (1957, p. 21). In very stable contexts, shared purpose may not be essential for organizational performance: here, top management can specify the organization's goals, translate them into operational procedures, and hire people simply to implement these procedures. But, Selznick argues, in more dynamic contexts, lower-level managers and employees need to be able to adapt their behavior to changing circumstances, and the organization's effectiveness will be greater if these lower-level members use their understanding of the organization's purpose to guide this adaptation. He outlined a portfolio of leadership actions that can infuse value and create unity of purpose across large, complex organizations (see Kraatz, 2015, for discussions of Selznick's contemporary relevance).

However, while Selznick's research helps us understand where shared purpose matters and the role of leadership in infusing it, he offers little guidance on the specific features of organization design that would support its emergence and maintenance. Indeed, shared purpose poses a puzzle for organization design.

To summarize the argument we develop further below, the puzzle lies in the following conundrum. On the one hand, in dynamically changing contexts, organizational effectiveness is enhanced if both the meaning of the organization's purpose and how best to achieve it are constantly reevaluated by members at every level of the organization in their daily work. Such contexts, we will argue, call for an organization design that institutionalizes as modal, normatively expected, a form of social action that Weber (1978) called "value-rational." Value rationality, explains Weber, is a type of social action that is characterized by "the conscious belief in the value, for its own sake, of some ethical, religious, political, aesthetic or other form of behavior, independently of its prospects of success" (Weber, 1978, p. 24). It is based on:

> … clearly self-conscious formulation of the ultimate values governing the action and the consistently planned orientation of its detailed course to these values. … [T]he meaning of the action does not lie in the achievement of a result ulterior to it, but in carrying out the specific type of action for its own sake. (Weber, 1978, Vol. 1, p. 25)

But on the other hand, there is considerable doubt that value rationality can be successfully institutionalized in large, complex enterprises. Value rationality is more readily institutionalized in smaller organizations that take what Weber

called a "collegial" form. Here, small scale and shared socialization support a highly egalitarian decision-making structure oriented to a shared ultimate value (Satow, 1975; Waters, 1989; Weber, 1978, pp. 263, 271−282, 994−998, 1089−1090). This gives the collegial organization great flexibility in responding to changing contexts. However, Weber himself and many since him have argued that once organizations grow in size and in internal complexity, organizational effectiveness demands that value rationality give way to instrumental rationality; the collegial organization design mutates into bureaucracy; and the organization's ability to respond to a dynamic environment is hobbled. Selznick argued that wise leadership can help organizations avoid this fate; but he offered little insight into the requisite organization design.

We argue that this puzzle can be resolved in an organizational design that we call "collaborative" in contradistinction to Weber's collegial model. Since Weber's time, sustained, albeit dispersed, efforts by practitioners in many organizations have given rise to a family of new managerial techniques that enable the scaling-up of value rationality so that it can support responsive adaptation to a dynamic external environment, buttressing unity of purpose across a complex division of labor. We identify a family of innovative techniques in strategy processes, operational systems, reporting structures, as well as skill formation and compensation policies that together yield a mutation that takes us from Weber's collegiality to this historically new, collaborative organization design.

This collaborative organizational design (or form or model − we will use the terms interchangeably) sits uneasily with the profitability constraints of the business sector. While those constraints sometimes encourage the emergence of the collaborative form, they sometimes undermine it, in particular by pushing executives to make decisions that reinforce employees' instrumental rationality in their relation to the organization or that contradict employees' understanding of the organization's purpose. As a result, the implementation of this collaborative model is precarious, even as the model itself has been progressively refined through these various management innovations. This precariousness has rendered almost invisible that progress. We aim to remedy this invisibility by showing how these various managerial innovations resolve the fundamental challenges involved in scaling-up value rationality for larger, more complex organizations.

We begin by clarifying further the concept of shared purpose and by identifying the key practical impediments to achieving it. We then explain why value-rationality provides the foundation for shared purpose in organizations facing dynamically changing environment. The subsequent section identifies four key organizational challenges facing efforts to scale up value rationality in large, complex organizations. We then identify the organizational design principles that could overcome each of those challenges, and identify several management techniques that embody each of those principles and that jointly characterize the emergent collaborative design. We conclude by discussing the costs and benefits of this collaborative design and some directions for future research.

SHARED PURPOSE AND ITS IMPEDIMENTS

The idea of shared purpose has only recently resurfaced in management discourse after a long period of neglect (Singleton, 2011, 2014). Mary Parker Follett wrote in 1927:

> The leader releases energy, unites energies, and all with the object not only of carrying out a purpose, but of creating further and larger purposes. And I do not mean here by larger purposes mergers or more branches; I speak of larger in the qualitative rather than the quantitative sense. I mean purposes which will include more of those fundamental values for which most of us agree we are really living. (Follett, 1941, p. 168)

A decade later, Chester Barnard further developed this idea, arguing that formal organizations were defined by the conjunction of shared purpose, participants willing to serve that purpose, and a communication system tying their efforts together (Barnard, 1938, p. 82). Unlike Follett or some current proponents, Barnard saw shared purpose as a universal requirement in business — not as something reserved for organizations pursuing an unusually exalted mission. He postulated that no organization could be effective unless it functioned as a "cooperative" system, by which he meant that all its personnel were willing to subordinate their personal needs and preferences to the cooperative pursuit of that purpose. The primary function of the communication system was not to communicate management orders downward, but rather to "inculcate" this sense of purpose across the entire organization: "The inculcation of belief in the real existence of a common purpose is an essential executive function" (Barnard, 1938, p. 87).

Barnard's work was deepened and extended in Philip Selznick's classic work on *Leadership in Administration* (1957). Selznick here distinguished the "technical" from the "institutional" dimensions of organization. The technical dimension calls for deployment of formally rational bureaucratic structures. The institutional dimension requires the "infusion of value" via the "institutional embodiment" of substantive rationality, expressed in a shared sense of the organization's purpose. By institutional embodiment, Selznick referred to the deployment of both formal and informal structures and processes by the organization's leaders to consolidate both the salience of the focal value and the shared commitment to this purpose (Besharov & Khurana, 2015; Hinings & Greenwood, 2015; Kraatz & Flores, 2015).

Since Selznick, some popular business writers continued to highlight the centrality of shared purpose. Peter Drucker, for example, argued that the purpose of the firm could only be to meet a customer's needs; that this purpose should take precedence over the search for profits; that this logical ordering would be the best way to assure long-term profitability; and that the customer's needs should guide the daily work of everyone in the organization (Drucker & Maciariello, 2008, p. 101). More recently, several practitioner-oriented writers (Bushe & Marshak, 2014; Collins & Porras, 1997; Laloux, 2014; Meyer, 2016;

Porras & Collins, 1997) have sought to make the concept of shared purpose central to the theory of organizational and strategic effectiveness.

In contrast to these practitioner-oriented writers, scholarly writers have been deeply skeptical. They have been critical of what they see as the simplistic and unrealistic deployment of the concept of shared purpose. As noted by March and Sutton (1997):

> Organizations are commonly defined as instruments of purpose. They are seen as coordinated by intentions and goals. Such a formulation has often troubled students of organizations. It is not clear that organizational purpose can be portrayed as unitary or that the multiple purposes of an organization are reliably consistent. It is not clear that a single conception of purposes is shared among participants in an organization. (March & Sutton, 1997, p. 698)

Let us briefly review the main reasons for this skepticism. They fall into two clusters: lack of purpose and multiplicity of purposes.

First, some scholars argue that business enterprises today are still mostly based on wage-labor − alternative governance structures, such as self-employment and cooperatives, are relatively rare − and in such organizations, employees' relations to the enterprise are essentially instrumental. This view is shared by both standard micro-economic theory and a long lineage of critical sociology (Bendix, 1956; Etzioni, 1975; Marx, 1990 [1867]). Employees work to earn a wage, not to participate in the pursuit of any collective purpose that their managers might have in view. In this same line of reasoning, many argue that even if the idea of shared purpose is attractive for motivational reasons, managers of business organizations must first and foremost satisfy the demands of investors for the highest possible financial returns: if the ultimate purpose of the firm is to enrich investors, such a purpose is unlikely to garner the commitment of many employees (Marens, 2009).

The second reason for skepticism is that in any given organization we are likely to find several competing purposes. Indeed, within the capitalist firm, there are often multiple, competing purposes in tension with each other. "Maximizing our investors' profits" can indeed function as a shared purpose in some settings. To realize any profits, however, the firm must provide use-values desired by its customers, and must maintain enough social legitimacy to assure its license to operate. Putting aside any ethical considerations and adopting a purely practical view of the matter, these other stakeholders' expectations often impose themselves as important too. But the goal of maximizing profits is not always easy to reconcile with goals of customers or community.[1] Moreover, on the use-value side of this tension, there are typically multiple dimensions of quality whose relative importance is contested and not easily commensurated. Not surprisingly, therefore, we often find that different groups within the organization attribute to the organization different purposes. In a hospital, for example, we might find that doctors, nurses, patients, and administrators have different views of ultimate purpose of the organization (e.g., Morgan & Ogbonna, 2008).

Notwithstanding the challenges involved, some executives see the potential benefits of shared purpose as sufficient to warrant serious efforts to move from a "contested" or "estranged" relationship among competing values and purposes to an "aligned" relationship (Besharov & Smith, 2014); from segmenting or compromise solutions to creative integration and synthesis solutions (Battilana & Lee, 2014; Pratt & Foreman, 2000); and from multiple, competing, material goals to a shared purpose (Bartlett & Ghoshal, 1994; Bartlett & Ghoshal, 2002; Carton, Murphy, & Clark, 2014).

We conclude that efforts to infuse value and create shared purpose encounter important practical impediments, but that these impediments do not deter everyone from trying. Those who would try, however, need more guidance.

FOUNDATIONS OF SHARED PURPOSE

As suggested earlier, Selznick's classic work on *Leadership in Administration* (Selznick, 1957) is a key starting point. Here we find a compelling argument that an organization deploying formal rationality in its structure and processes need not deprive itself of the benefits of substantive rationality if leaders infuse the organization with a shared commitment to those substantive values. Selznick's account, however, is thin on the organization design features that might be required to support that infusion effort.

To sharpen our account of this organization design − and to pinpoint the puzzle it must resolve − we contrast it with several other organization design options. Our account of these options builds on Weber. Weber argued that social action − our interactions with other people − can be characterized in terms of four basic types − instrumentally rational, traditionalistic, affectual, and value-rational (Weber, 1978, p. 24 ff). As Weber and many since have argued, each type of social action can serve as the grounding for a distinctive type of organization design, insofar as this type of action becomes institutionalized as the modal, legitimate type of action among members of the organization. (On the macro and micro processes that contribute to legitimation and institutionalization, see Bitektine & Haack, 2015; on Weber's linkage of types of action to types of organization, see Weber, 1978, pp. 212−213.) As with other ideal-type formulations (Doty & Glick, 1994), our working assumption is that any given organization will embody a mix of organizational ideal types.

Consider first instrumentally rational action. This type of social action is oriented to selecting the most efficient means for achieving a given, taken-for-granted end. To institutionalize instrumentally rational action is precisely to obviate the need for shared purpose. Here the "master" of the organization sets its purpose and specifies operational means that are instrumentally rational in achieving this purpose; the purpose and means are to be taken for granted by the members; in deciding on their course of action in everyday work, members

need not interrogate the meaning of that purpose: in the language of Simon they become taken-for-granted "decision premises" (Simon, 1997 [1947]). Members' relationship to the organization is itself merely instrumental to their own individual material ends.

Such instrumental rationality can be institutionalized by either of two organizational forms – the legal-rational bureaucracy or the competitive market. First, institutionalized in a bureaucratic organizational form, the purpose of the organization might be "to deliver efficiently our fast-food products to our customers" (or, for a public-sector analogue, "to deliver efficiently drivers' licenses to our clients"). Employees are not asked to ponder what's on the menu, or what the products are made of, or why they should deliver those products: those are questions reserved for top management and their staff experts. Employees are to take the organization's purpose as given, and to behave in an instrumentally rational way: if they want to keep their job, they are to implement the corresponding procedures as efficiently as possible. Such an instrumentally rational bureaucracy would be effective in a context that was stable enough to allow top managers to design efficient work procedures; where they could rely on financial incentives (either as bonuses or promotions) to drive employees to conform to those procedures; and where mere conformance to procedures and commands was sufficient to assure adequate organizational performance. While we should not underestimate the creativity that dedicated bureaucrats can bring to their efforts at such conformance (du Gay, 2000), this rule-based design has proven insufficiently responsive in more dynamic environments.

Second, instrumentally rational action could be institutionalized by a market form of organization, where the purpose of the organization might be something like "to maximize our investors' returns." Here, employees are not asked to ponder whether investors really care only about financial returns, nor about what type of investor the firm aims to attract: those are questions reserved for top management. Employees are to take this purpose as given, and to keep their jobs, they are to use their creativity and initiative to generate as much profit as possible. Such a market type of instrumentally rational organization design would be effective where tasks are independent; goals can be closely specified; performance outcomes can be closely monitored and financially rewarded; and where as a result, employees can be left autonomous in their choice of means. This market form could lead to high performance where the external context is dynamic but the internal context is simple and the organization small enough (or it can be broken up into small enough independent units) to allow the managers simply to order employees to change direction in response to environmental changes. This market configuration would fail, however, to provide effective motivation and direction in more complex organizations, where activities are interdependent rather than independent.

Such bureaucratic or market organization designs aim to eliminate the need for shared purpose. As such they could be effective in only a very narrow range

of circumstances, at best. Where contexts are even a little dynamic or where the organization is even a little more complex, the organization's performance will suffer unless it incorporates elements of one or more of the other three types discussed below. Moreover, in practice, members of such organizations strive to give their work-lives more meaning, and this gives rise to a host of informal organizational features reflecting those other three types.

Consider next the traditionalistic type of action. For Weber, social action is "traditional" (traditionalistic would be a less ambiguous translation) when it is guided by reverence for established customs. Traditionalistic action can be institutionalized in the "clan" type of organization (see Ouchi, 1979, p. 838; Ouchi & Jaeger, 1978, p. 307). Here, the purpose of the organization might be understood as "Our organization is dedicated to the preservation of our precious culinary traditions." A widely shared commitment to such a purpose can engender great organizational cohesion and stability even in the context of a large and complex organization; but this configuration provides a weak foundation for flexible and innovative adaptation to a dynamic external context.

Now consider the affectual type of social action, which is oriented by emotional attachments. Weber writes: "Action is affectual if it satisfies a need for revenge, sensual gratification, devotion, contemplative bliss, or for working off emotional tensions (irrespective of the level of sublimation)" (Weber, 1978, Vol. 1, p. 25). Affectual action, like the value-rational type of action we discuss below, is oriented by a focus on its ends rather than its means; but, unlike value-rational action, it is nonrational in its choice of both means and ends. Affectual action can be institutionalized in the charismatic form of organization, which is based on members' devotional connection to inspiring leaders and their vision. Shared purpose here might be, "Our organization aims to bring Michael Kors' revolutionary vision of fashion to new markets." The charismatic organizational form requires a smaller, simpler, more organically structured internal organizational context (Pillai & Meindl, 1998). Such organizations can be effective in confronting a dynamic external context with radically creative and revolutionary change (Howell & Avolio, 1993; Jyoti & Dev, 2015). But this type of shared purpose and organizational form are ill-suited to the context of larger, more complex, business enterprises, especially those whose environments demand disciplined efficiency and timeliness (Weber, 1978, Vol. 2, chapter III).

Finally, consider the value-rational type of action. Value-rational social action is uniquely suited to dynamic contexts because such contexts call for the continual and rational consideration of ultimate values in charting the appropriate course of conduct in changing circumstances. One example: to be maximally effective, doctors must continually orient their action by explicit reference to the ultimate value of restoring the health of the patient. Doctors will be far less effective if their action is driven primarily by financial incentives, by bureaucratically defined procedures, by tradition, or by emotion (James, 2012). This puts them squarely in the category of value-rational social action.

Value-rational action can be institutionalized in the "collegial" form of organization — a group of equals, making decisions based on consensus, bound together by their common commitment to that ultimate value (Waters, 1989). Doctors who work in a collegial medical office can rely on this common purpose to enable smooth integration of their various efforts as they work together to diagnose and cure a patient.

Here, however, we find ourselves confronting the central puzzle that motivates our chapter: Can the value-rational type of social action be institutionalized in larger, more complex organizations? As we noted in the Introduction, Weber doubted it. In his view, collegial structures lacked a feature essential for adequate performance in such contexts, namely "legitimate domination" and the associated capacity for imperative command. Indeed, as we have just seen, under value rationality, each individual actor's behavior is oriented above all by his or her personal commitment to the ultimate end values. In a social order based on value rationality, action is coordinated among actors not by commands but by dialog underpinned by their shared commitment to those end values. Such a social order is therefore a poor instrument for *Herrschaft* — unsuitable for implementing the dominating will of a master. As they grow in complexity and scale, and as they come under performance pressure, collegial organizations must, to avoid failure, inevitably mutate into bureaucracies (Mommsen, 1974; Waters, 1989). Perhaps it is this skepticism that explains the absence of references to value rationality in Selznick, Etzioni (1975), and Mintzberg (1989).[2]

FOUR CHALLENGES IN SCALING-UP VALUE-RATIONALITY

A few other sociologists since Weber have been more optimistic about the possibility of scaling-up value rationality, thinking of the task as creating not a form of administration that would sustain *Herrschaft*, but a form of self-government by a collectivity. These scholars have claimed that value rationality functions as the central organizing principle of such large-scale collectivities as ideologically driven political parties (Willer, 1967), constitutional states (Spencer, 1970), autonomous professional organizations (Satow, 1975), and some "alternative" cooperatives (Rothschild-Whitt, 1979). Heckscher and Adler (2006) extend this more optimistic account with a set of case studies that highlight the emergence of the value-rational form in the contemporary corporate sector.

The skeptics counter that in these cases, true value rationality is typically precarious. Even radical political parties often succumb to the "iron law of oligarchy" (Michels, 1966). Constitutional states often become authoritarian when their dominant powers are challenged (Schmitt, 1988). Liberal professions

often devolve into self-interested monopolies (Brint, 1994; Waters, 1989). And cooperative undertakings often revert to hierarchical domination (Freeman, 1972).

Synthesizing this skeptical tradition, we can trace the challenges in scaling-up value rationality in four dimensions of organization.[3] We review each briefly now, and the subsequent section discusses how they might be overcome.

Values: Fragmentation

Values play the pivotal role in value-rational action, and shared values − in the form of shared purpose − play the central role in assuring the cohesion of a collegial structure. But this cohesion depends on shared occupational socialization, and as a result, collegial structures rely on occupational homogeneity. How then can a sense of shared purpose be created and sustained across a large, complex enterprise requiring the coordinated efforts of multiple different occupations? More, even if they share a common occupational background, once people are employed by the enterprise and assigned to a distinct subunit with a specific set of tasks, new, distinct, subunit subcultures emerge. How can that shared value commitment be sustained in the context of such subunit differentiation? How can shared purpose's salience be maintained given the centrifugal, fragmenting force of diverse interests and identities (Alvesson, 2012; Martin, 1992)?

Norms: Goal Displacement

Norms are the behavioral expectations that members have of each other in the specialized roles they play at work. Any larger, more complex organization under performance pressure will need to standardize and formalize some of these norms (e.g., as "best practice" procedures) in order to achieve acceptable levels of efficiency and control. The resulting challenge is one described by Merton (1940) as "goal displacement": instead of orienting their conduct toward the ultimate purpose, members will orient themselves to their superiors' demand for conformance with these procedures.

Authority: Centralization

At a small scale, the collegial structure − a flat structure characterized by mutual adjustment among peers − suffices to coordinate action. But at large scale and with functionally differentiated subunits, organizations under performance pressure cannot operate effectively without a hierarchy of authority that

enables the (selective) centralization of decision-making (Jaques, 1989). This hierarchical authority structure in turn challenges the very foundation of value-rational action, which is an action where actors decide for themselves on the most appropriate course of conduct as a function of their own commitment to the ultimate purpose.

Capabilities: Specialization

Larger, complex enterprises rely on specialized skills and on subunits that group together such specialties. This specialization poses integration challenges, not only because values and norms become differentiated, but also because actors' skill sets are narrowed, and actors thus come to inhabit differentiated "thought worlds" (Dougherty, 1992). The best-practice mechanisms for coordinating these subunits — standards, plans, and specialized integrating roles — are effective precisely because they obviate the need for widely shared purpose, leaving the greater mass of members free to cultivate their specialized skills and to focus on subunits' local goals (Galbraith, 1973; Grant & Baden-Fuller, 1995). When greater task interdependence requires more intensive cross-unit integration, the appropriate mechanism is the cross-functional team (Lawrence & Lorsch, 1967; Van de Ven, Delbecq, & Koenig, 1976); but here organizations encounter a severe trade-off between breadth and depth of skills. This trade-off is further sharpened by the organization's compensation policies: these policies need to support the development and deployment of *either* broad skills required for effective participation in cross-functional teams *or* the deeply specialized skills required in a complex differentiated organizational structure (Kretschmer & Puranam, 2008).

FROM COLLEGIALITY TO COLLABORATION

The previous section explained why the collegial model does not scale to support the collaboration required when specialized groups engage in interdependent activity oriented to a dynamically changing external environment.[4] To sustain value-rational-based shared purpose in such contexts, we need a new organizational form that does not presuppose homogeneity of background or tasks.

Our thesis, as noted in the Introduction, is that the persistent need for such collaboration in industry has prompted repeated efforts to build suitable organizations, and that even without the benefit of a theoretical model to guide them, these efforts have given rise to a family of managerial innovations that, taken together, have begun to give body to a novel organization design.

Taking cognizance of this practical effort inspires us to the corresponding theoretical project. It is in this spirit that we propose to build on Weber's

concept of value rationality to articulate the organizational principles that would characterize this collaborative form, and then use these insights to bring into focus the deeper significance of these various managerial innovations.

Our underlying theory is that each of the principles undergirding the collaborative form addresses one or more of the key challenges that we identified in the previous section. Fig. 1 shows how the effort to created shared value-rational purpose, under conditions of large size and complexity, encounter these challenges, and how the collaborative organizational form overcomes each of these. As we noted earlier, our working assumption is that any given organization will embody a mix of organizational ideal types and forms: the collaborative form might be absent, dominant, or present but overshadowed by others. We postulate that the more pronounced the collaborative features (in absolute terms and relative to other forms), the greater will be the large, complex organization's capacity for sustaining the kind of value rationality and shared purpose that are required for high performance in dynamic contexts.

Values: Institutionalizing an Ethic of Contribution

When organizations attempt to scale up value rationality, the key challenge in the values dimension is that of avoiding fragmentation. The collaborative organizational form, we submit, can meet this challenge by *institutionalizing an ethic of contribution*. An ethic of contribution is a shared conviction that the most important virtue is contributing to the achievement the organization's purpose. The salience of this shared purpose can motivate and guide decision-making. Two complementary families of management techniques have evolved since Weber's time that institutionalize such an ethic and thereby create a context that supports value-rational collaboration in complex organizations.

The first family of techniques extend Weber's conception of value rationality in the direction proposed by Habermas (1992): the collaborative organization is one in which both end goals and means for achieving them remain subject to discussion based on public, discursive standards of validity, rather than
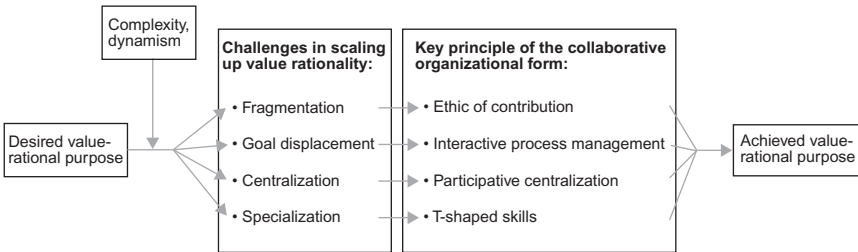

Fig. 1. Achieving Value-rational Purpose in Large, Complex Organizations.

reverting to bureaucratic authority, traditionalistic status, or charismatic leadership. Where Weber assumed that value rationality relied on nonrational commitments to the ultimate values − Nietzschean acts of will (Hennis, 1988) and devotion to quasi-religious "deities" (Friedland, 2013) − Habermas and later scholars have identified a range of techniques for making value-rational discourse more thoroughly rational through an operationalization of the "ideal speech situation" (Habermas, 1998). These techniques include the participative strategy process (Forester, 1999), the strategic fitness process (Beer, 2011), search conferences (Emery & Purser, 1996), and beyond the organizational boundaries, multistakeholder strategy dialogs (Roloff, 2008; Zadek, 2008).

One example of this dialogical approach to value-definition has been the series of employee "Jams" at IBM. In 2003, all IBM personnel were invited to discuss on the intranet the core company values and its ultimate purpose. Over 3,700 employees participated in a vigorous debate centered on whether the values defined by the founders were suitable for the new era. A year later over 13,000 participated in a second Jam about how the core values should guide their daily work. Analysis of these Jams shows a remarkably high level of Habermasian discourse: higher-level managers did not dominate; lower levels did not hesitate to disagree with their superiors − often vehemently; and the discussion gradually developed and clarified a complex sense of purpose that appeared to be shared by the bulk of participants (Heckscher, Bernier, Gong, Dimaggio, & Mimno, 2017).

The second family of techniques aims ensure the salience of the ultimate purpose as a superordinate goal in everyday decision-making (Sherif, 1958). They help focus internal discussions on the contribution the organization makes to the broader society and to unfold the implications of that purpose for multiple, lower-level, shorter-term local goals. Numerous companies have adopted techniques, such as Quality Function Deployment (Akao, 2004), the Balanced Scorecard (Kaplan & Norton, 2001), and the Hoshin Kanri planning process (Cole, 1999) in order to translate customer needs and the organization's multidimensional value priorities into terms that can guide everyday, local decision-making throughout the organization. These techniques have blossomed in recent decades as companies orient themselves away from commodity products and toward customer-specific, integrated solutions. These techniques help the collaborative organization form ensure that the organization's purpose is at the center of organizational life: the purpose is personally meaningful, and each member can refer to those ultimate values to choose appropriate actions when faced with new and unforeseen circumstances.

The challenge of translating purpose into daily decision-making was very salient at one healthcare organization we have studied − Kaiser Permanente. Kaiser sought to overcome the values "segmentation" that is common in healthcare, where the hospital managers and insurance plan managers operate under instrumentally rational market-oriented values while the doctors rely on very different, professional values. At Kaiser, managers and doctors alike were

expected to consider both patient clinical outcomes and the economic consequences of clinical decisions. This represented a deep challenge to values that traditionally prevailed among doctors. Indeed, consideration of costs had long been considered unethical among doctors (Angell, 1993). To ensure that a commitment to Kaiser's shared purpose was meaningful in doctors' daily work, these cost/quality choices and the associated research were discussed in weekly or monthly meetings of physicians at the medical-office building level, in monthly meetings of physicians in their specialty departments, and in bimonthly off-site retreats for doctors from the entire service area. Medical departments regularly reviewed unblinded comparisons of doctors' outcomes, in order to prompt discussion about how to mitigate any trade-offs.

Norms: Interactive Process Management

The key challenge in the norms dimension is goal displacement. In a small, collegial group, interactional norms can remain informal without losing too much efficiency; but across a larger, heterogeneous organization, efficient collaboration requires more formalized norms. This formalization was a major factor motivating Weber's skepticism: he feared that formalization would be the occasion for specialized staffs to impose procedures on the operating core. Formalization would thus undermine the salience of the organization's ultimate purpose, displacing the ethic of contribution with a bureaucratic ethic of instrumental-rational conformance.

For value-rational action to prevail at scale, the collaborative organization must institutionalize a metanorm of *interactive process management*. We use this label to refer to idea that work and decision-making processes are managed – designed and implemented – through interaction among all the interested parties, rather than under traditionalistic, charismatic, or bureaucratic authority. This principle can be operationalized and the organization can avoid goal displacement if the organization's formalized procedures (1) are designed to support dialog aimed at deciding how best to pursue the shared purpose, rather than replacing that dialog with blind reliance on preestablished rules and (2) are themselves the product of dialog aimed at deciding which procedures might best achieve this goal, rather than imposed by staff on line personnel.

Since Weber's time, a family of management techniques has been developed to support such interactive process management. Procedures for kaizen, process mapping, brainstorming, participatory meeting management, decision-making with multiple stakeholders, and project management now allow the collaborative organization to mobilize sizeable cross-functional and cross-organizational teams both in *managing* their current interdependencies and in *designing* formal procedures that can facilitate that management.

The formalization of these procedures generates normative systems − both informal and formalized − that are experienced as "enabling" rather than as coercively imposed or merely ceremonial (see Adler, 1999a; Adler & Borys, 1996, building on Gouldner's (1954) distinction between representative, punishment-centered, and mock bureaucracy). They facilitate the fluid movement of people among projects in order to bring specialized knowledge to bear at the right times and places, and the fluid formation of project teams (see, e.g., Geraldi, 2009; Mom, Van Den Bosch, & Volberda, 2009). Such norms facilitate collaboration by providing a platform for the deliberate and continual renegotiation of working relations; they make it possible for people to adjust their expectations of each other as task demands shift (Juillerat, 2010).

In healthcare, clinical guidelines illustrate the difference. Where many doctors in private practice chafe under the bureaucratic constraints of medical guidelines imposed by government or insurance companies, Kaiser Permanente's doctors collaborate with their Kaiser peers and with other clinical and nonclinical personnel to define guidelines. When the activity is entirely within purview of a medical specialty, the relevant group of doctors will develop these guidelines themselves or review and adapt nationally established guidelines. When the activity involves multiple specialties and other staff, these guidelines are developed and refined with input and participation representatives from broader range of occupations (Whippy et al., 2011).

Authority: Participative Centralization

In the authority dimension, it is centralization that poses the greatest challenge in scaling-up value rationality. Large, complex business organizations under performance pressure typically require the centralization of at least some decisions. However, the concept of value-rational action seems to preclude a role for centralized authority, since in value-rational action each actor decides on their course of autonomously as a function of their commitment to the ultimate values rather than submitting to anyone else's command.

The collaborative organizational form meets this challenge by ensuring that authority flows to those recognized as being best positioned to contribute to the shared purpose of the organization. Authority here is endorsed from below − not delegated from above and accepted in utilitarian exchange, nor accepted passively as traditional, nor derived from affectual, charismatic bonds. Regardless of the degree of centralization − whether authority is "distributed" (Cullen & Yammarino, 2014), centralized, or dual (as in matrix forms) − authority flows to those who are widely acknowledged as best able to contribute to the organization's shared purposes (as suggested by Aime, Humphrey, DeRue, & Paul, 2013).

This ideal is operationalized in the collaborative form through the principle of *participative centralization*. Under this principle, centralization is participative in two senses: (1) the degree of centralization is decided participatively and (2) where and insofar as authority is centralized, it nevertheless functions in a participative manner. If members share the purposes of the organization, the resulting authority structure (whether more or less centralized) will not be experienced as alienating, but instead will support value-rational collaboration.

Much of the scholarship in our field would be skeptical of any concept that purports to combine participation and centralization, assuming that centralization and participation are polar opposites (e.g., McCaffrey, Faerman, & Hart, 1995). However, as these constructs have been defined more precisely in organizational research, they should not be taken to be mutually exclusive. The degree of centralization is assessed by ascertaining the lowest hierarchical level at which a decision can be made without prior consultation with a superior (Pugh & Hickson, 1976). The degree of participation is assessed by ascertaining the lowest hierarchical level at which real influence on the decision is exerted (Hage & Aiken, 1970). Whereas centralization and *autonomy* are in a clear trade-off relation, centralization and *participation* are better conceptualized as independent, orthogonal dimension of the authority structure: the collaborative organization is, we argue, high on both of these dimensions.

The matrix type of authority structure is one key innovation in management technique that has operationalized contribution-base authority and facilitated participative centralization. When organizations rely on the familiar monocratic centralized hierarchy of authority, the result is that local actors either defer to top management's authority or narrow their vision to local goals at the expense of organizational purpose. Collaboration across internal boundaries often requires a matrix structure with multiple dimensions of accountability, where decisions on the locus of authority are contingent on the nature of the operational decisions that need to be taken (Galbraith, 1994).

Matrix structures are notorious for the challenging "organizational politics" engendered by their multiple reporting relationships, and as a result, these structures are difficult to sustain and implementation failures are common (Burns, 1989; Larson & Gobeli, 1987). Nevertheless, competitive pressures have pushed firms to persist in trying to master these challenges; and as we read the various accounts of their efforts, many have succeeded. Their success in this both relies on and strengthens the collaborative ethic of contribution. It is this ethic that enables individual contributors, functional managers, and project managers to find common ground in their decision-making. And in so doing, they give substance to their shared purpose. Where that has been achieved, the matrix structure is seen as effective, and it has become a legitimate feature of the workplace. In reality, matrix structures have become increasingly common, as many people today find themselves working simultaneously on many team projects with different leaders. Indeed, there has been an evolution over time toward matrix structures with more than two dimensions (Galbraith, 2008;

Heckscher, 2007; Strikwerda & Stoelhorst, 2009) and a growing number of firms attempt to restructure themselves as matrixed "front-back" organization structure (Brady, Davies, & Gann, 2005; Galbraith, 2002).

Capabilities: T-shaped Skills

The key challenge in the capabilities dimension lies in specialization. As organizations grow in size and complexity, tasks become specialized and value-rational action stumbles for lack of the capabilities required for effective collaboration across these differentiated skills and mind-sets.

The collaborative organization is distinctive in deliberately fostering the development of the capabilities that actors need in order to contribute to the organization's purpose. Instead of leaving members' free to develop their skills in whatever direction appears to them as instrumentally rational in pursuit of their individual career and labor-market goals, the collaborative organization deliberately plans members' skill development to support their ability to contribute to the organization's ultimate purposes. (See also Lindenberg & Foss, 2011, p. 509 on the importance of "Training schemes that increase the understanding of how sub-goal achievement helps realize higher-order goals in the firm.")

The collaborative organizational form systematically cultivates "T-shaped" skills (Hansen & Von Oetinger, 2001; Iansiti, 1993; Leonard-Barton, 1995). By T-shaped skills we refer to deep knowledge in one's own specialty combined with breadth of knowledge of the related technical specialties. Such a combination facilitates the emergence of the "common ground" that is critical to learning from and collaborating with others (Puranam, Singh, & Chaudhuri, 2009). These technical skills must be buttressed by *social* skills to enable effective cross-functional teamwork (Cordero, 1999; Kang & Snell, 2009). The collaborative form thus rejects the older idea of "expertise" (described by Weber in his treatment of instrumental rationality in bureaucracy), in which specialized knowledge is applied separately and autonomously by each actor to problems within his or her domain (or "office"). Instead, the collaborative form requires that all actors look for ways to combine their specialized knowledge with others' with an intentional focus on the shared purpose.

The collaborative organizational form builds these capabilities through both personnel selection and skill formation. As concerns selection, the collaborative organization selects people with the appropriate T-shaped skills and teamwork propensities insofar as this unusual combination is available. A vast portfolio of techniques (and an associated field of scholarship − industrial/organizational psychology) has emerged since Weber's time to assist organizations in selecting personnel who fit such demands (see, e.g., Schmidt & Hunter, 1998).

As concerns skill formation trajectories, collaborative organizations leverage the ethic of contribution to orient skill formation toward the organization's purposes, with policies that encourage members both to deepen and to broaden their skills through a planned sequence of training programs, project experiences, and cross-functional assignments. Organizations such as Toyota mobilize shared purpose to assure their workers' buy-in to the firm's formalized, comprehensive, and long-term skill-development policies (Adler, 1999b; Brown & Reich, 1997). Both management and shop-floor personnel are systematically rotated through various departments, progressively broadening and deepening their skills. And this experience in turn buttresses the existing commitment to shared purpose.

A host of new management techniques has arisen in the past few decades to identify and plan for the development of various work-related competencies (Dubois, 1998, 2010; McClelland, 1973). Today, we have many digital tools that support all aspects of competency mapping, diagnosis, development planning, and monitoring (Draganidis & Mentzas, 2006). Information technology also contributes more directly to the organizational capabilities required by collaboration when it is deployed in the organization's operating core to stretch outward the trade-off frontier between cost-efficiency and flexibility, reducing minimum efficient scale and reducing the gap between customization and mass production by deploying mass customization techniques (Pine, 1993).

To ensure that skills are developed and deployed in this T-shaped direction, the collaborative form requires a distinctive compensation approach that rewards contribution. The collaborative organization may differentiate compensation among individuals based on performance, but it does not do so through the usual pay-for-performance approach, which rewards people for meeting individual targets set by higher authorities. Instead, the key criterion is the individual's contribution to the complex, multidimensional organizational purpose, thus both leveraging and buttressing the organization's ethic of contribution (see Lindenberg & Foss, 2011, p. 512, on the importance of "Group rewards that emphasize the contribution to common goals at a higher organizational level than the group itself"). Organizations have developed innovative ways to assess and reinforce orientation to teamwork and to helping others (Gittell, 2000; Rubinstein & Kochan, 2001). Just "doing a good job" is not sufficient; the reward system encourages individuals to think and act beyond their jobs and to avoid the dysfunctions of inappropriate rule conformance. Because formal supervisors cannot be aware of the entire range of activities of their subordinates when these latter are engaged on multiple projects and are contributing on cross-cutting dimensions, collaborative organizations use systems such as 360-degree feedback to develop and validate reputational information (Bracken, Timmreck, Fleenor, & Summers, 2001; Peiperl, 2001).

To return to the example referred to earlier, IBM began in 2004 reorienting its performance management systems around the values defined in the discursive Jam processes – innovation, client success, and personal responsibility

to others. But the company encountered great difficulty in defining corresponding performance metrics and in aligning rewards with these purposes. Around 2016, senior managers concluded that it was impossible to define suitable short-term measures, and instead they shifted toward a more conversational approach. In this new approach, managers set performance goals and assessed performance in frequent discussions with their subordinates rather than in the traditional annual review meeting: these discussions focused on their contributions to the core organization purposes, any impediments they encountered, and how these impediments could be overcome. This change created ambiguity and tension for many employees and managers; but it had the advantage of sustaining the focus on the shared purposes of the organization.

DISCUSSION AND CONCLUSION

This chapter aimed to characterize the organizational form that could create and sustain a widely shared commitment to the organization's ultimate purpose in large, complex, business enterprises facing dynamic environments. We showed that value-rational action provides the most appropriate foundation for such a "collaborative" type of purpose, and we identified four key challenges facing efforts to scale up value rationality beyond small, homogeneous, collegial groups. We identified four organizing principles that could overcome these challenges and thereby create, notwithstanding Weber's own skepticism, a value-rational-based organizational form that we labeled "collaborative." Table 1 summarizes our model.

In this concluding section, we address in turn the moderators that condition the value of collaborative purpose. We then turn to some limitations and possible extensions.

Moderators and Boundary Conditions

Tasks characteristics. The achievement of shared purpose of any kind is not a universal requirement for effective organizational performance. As Selznick (1957) noted, where core tasks are more routine and less interdependent, employees' conformance is more important than their discretionary effort, cooperation, and creativity, and shared purpose is less necessary. Here the appropriate design of extrinsic rewards, sanctions, formal offices, and clear hierarchies will likely be more cost-effective than the creation and ongoing maintenance of a sense of shared purpose. The task characteristics that determine the potential value of shared purpose depend in part on the industry setting, the organization's size and complexity, and its strategy.

Table 1. Principles and Techniques for Scaling-up Value Rationality in the Collaborative Organization Design.

	Challenges of Scaling-up Value rationality	Key Principles of the Collaborative Design	Managerial Techniques
Values	Fragmentation: loss of the organization's ability to define a common purpose or preserve its salience	Institutionalize an ethic of contribution to create salient shared purpose	Dialogic strategy process, strategic fitness, search conferences, multistakeholder strategy dialogs
			Solutions-oriented business models, Quality Function Deployment, Balanced Scorecard, Hoshin Kanri
Norms	Goal displacement: conformance replaces purpose	Institutionalize a metanorm of interactive process management to enable contribution	Protocols for brainstorming, participatory meeting management, decision-making with multiple stakeholders, and project management
			Kaizen, Process mapping
Authority	Centralization: delegated authority rather than authority endorsed from below, and centralization undermines autonomy	Institutionalize participative centralization to create contribution-based authority	Distributed leadership Matrix structures
Capabilities	Specialization: creates differentiated silos and thought-worlds	Institutionalize contribution-oriented capability development to create T-shaped capabilities	Assessment tools Development planning tools 360-degree reviews

We have argued that the collaborative organization design is more cost-effective where the organization is large and complex and the environment is dynamic. The cost aspect should be underscored. The collaborative organization is costly to create and difficult to maintain. It depends on reliable mechanisms for establishing and updating reputations; but we know that these mechanisms are vulnerable to opportunistic manipulation. The high level of participation in collaborative organizations requires considerable meeting time; but such meetings are costly and burdensome. The collaborative form requires openness to diversity, difference, and disagreement; but it offers little assurance these will not explode the collectivity or seal the organization off from the outside world as a closed sect.

External legitimacy. The purpose of the business organization — insofar as it speaks to what the organization contributes to society — is always subject to an external legitimacy constraint. This is particularly challenging for the collaborative organization, because the differentiated occupational groups within the organization often bring into the organization competing understandings of the kinds of purposes appropriate to this kind of organization. Kaiser Permanente provides a nice example, most notably because many doctors have been socialized to see as unethical any consideration of cost in diagnostic or treatment decisions. So the development of a collaborative organization design may require active engagement with the institutional, symbolic environment as well as the technical, task environment.

Public policy. The importance of the external context extends beyond the symbolic-cultural dimension: the collaborative form is far more likely to emerge and can only persist over time if the organization functions in a supportive public-policy context. In particular, the collaborative form has much greater survival prospects if public policy blocks the firm and its competitors from taking a "low road" of work intensification as a path to profitability and competitive survival. As we noted above, the tension between profitability and use-value lying at the heart of the capitalist firm renders the collaborative model intrinsically precarious: to overcome that precariousness and stabilize that model requires some kind of "socialization" of the profitability imperative. Kristensen (2016) discusses how social-democratic Denmark has sought to do that. He highlights forms of intrafirm and interfirm organization in Denmark that appear very close to our value-rational collaborative model, and explains how these forms are encouraged on the "supply side" by government policies enabling labor to take active part in shaping enterprise decisions (union rights, training, childcare and eldercare, support for housing, etc.) and on the "demand side" by government support for investments that respond to new societal needs (such as environmental protection, health, and city planning).

Future Research

Empirical testing. Our argument has been largely theoretical, and future research should examine whether the four principles we have identified in fact predict performance in the appropriate contexts. As part of such a study, it would be useful to explore whether these principles are additive or multiplicative, or whether they create shared purpose in various configurations.

Microfoundations. Future research should also aim to explicate and test the individual cognition, motivation, emotion, and behaviors implicit in our causal model. An important next step in the line of research we have proposed would be to develop a multilevel model (perhaps of the kind proposed by Bitektine and Haack (2015)) that allows us to see how the collaborative organizational

form shapes collaborative individual behaviors, and then how these individual behaviors aggregate to generate the ex-post collaboration in Fig. 1.

Future research should also address the role of leadership in this collaborative model. We have sought to differentiate value rationality based collegial and collaborative models from the affectually based charismatic model. But emotion surely plays an important role − albeit a subordinate one − in both creating and sustaining value-rationality-based commitment to shared purpose.

Application to ambidexterity. We conjecture that the collaborative organizational form might be a critical success factor for organizations pursuing ambidexterity, that is, simultaneous exploration and exploitation (March, 1991). The locus and degree of the requisite collaboration varies across the various ambidexterity approaches; but in all of them, all the relevant actors must feel confident that others will be oriented to their shared ultimate purpose even in circumstances that cannot currently be defined or predicted − and the value-rational-based collaborative form of organization offers this advantage.

In the functional approach to ambidexterity, the firm needs a sense of shared purpose across functionally differentiated subunits, such as R&D and operations (e.g., Lovelace, Shapiro, & Weingart, 2001): the R&D unit must be willing and able to anticipate downstream issues (such as "manufacturability"), and the operations units must be willing and able to embrace rather than resist the disruption occasioned by the introduction of new designs. In the structural approach, ambidexterity requires a strong sense of shared purpose within the top management team if it is to combine successfully the efforts of exploitation and exploration business lines (e.g., Jansen, George, Van den Bosch, & Volberda, 2008; Tushman, Smith, Wood, Westerman, & O'Reilly, 2010). In the contextual approach (Gibson & Birkinshaw, 2004) it seems likely that achievement of the ambidexterity would benefit from the collaborative form insofar as it would help actors manage their interdependence under the stress of juggling incommensurable exploitation and exploration goals in their everyday work activities. When larger, more complex organizations try to strengthen their ambidexterity, we expect the collaborative organization design to be particularly effective.

Extending the theory to collaboration across firm boundaries. Supply chains, associations, alliances, and regional clusters all rely variously on traditionalistic ties based on loyalty, charismatic ties based on personal appeal, instrumentally rational ties based on the convergence of material self-interest, or value-rational ties based on shared purpose. The four principles of collaborative organization design can be extrapolated to the management of these interorganizational ties. Even though such collaborative ties are often undermined by interfirm competition, it is, we conjecture, this collaborative type that offers the greatest potential for interfirm networks aiming for excellence in both innovation and efficiency dimensions.

Application to hybrid organizations. Our argument might also be extended to situations where the organization faces multiple heterogeneous demands of

various kinds. For example, many organizations today are under pressure both to offer higher quality products to their customers and to reduce their environmental footprint. More generally, many organizations are under pressure to satisfy the demands of more diverse stakeholders. In current scholarship, these challenges have been addressed by the literature on "hybrid" organizations in institutional theory (Battilana & Lee, 2014; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011) or hybrid identities (Albert, Ashforth, & Dutton, 2000). Insofar as these organizations aim to synthesize multiple purposes, our collaborative model provides a compass heading that can guide their efforts.

The future of collaboration. Future research might also consider whether the collaborative form, rather than being just one organization-design option among several, represents instead an evolutionary advance beyond those others. In this perspective, if a social innovation process has yielded new management techniques that allow organizations to institutionalize value-rationality in large, complex organizations facing dynamic environments, perhaps this collaborative form might become an efficient solution in a broader range of situations. If we have learned how to sustain collaborative purpose in larger, more complex organizations, then perhaps it becomes cost-effective to shift strategies and work designs to allow and leverage more employee discretion and creativity even in settings where previously the other forms of organization seemed optimal.

NOTES

1. The debate between those who see the fundamental purpose of the firm as creating shareholder wealth and those who see it as meeting the needs of customers and other stakeholders (e.g., Freeman, Wicks, & Parmar, 2004; Sundaram & Inkpen, 2004) seems to us to miss two essential points. First, it is difficult, although not impossible, to establish maximizing shareholder wealth as a *shared* purpose. Even if top managers might embrace it as such, for lower levels in the organization it appears most often as an external constraint rather than a consummate value. Second, the capitalist firm is characterized precisely by the tension between these two purposes, which we can theorize as exchange-value versus use-value. There is no shareholder wealth (exchange-value) created except by offering a product or service whose utility (use-value) is valued enough by customers. These two types of goals sometimes reinforce each other, but sometimes not. The disjunction between the two types is not only a contingent result of the confrontation of the complexity of the world with human frailties — for example, in our difficulty seeing how to reconcile short-term and long-term goals — but a structural feature of our capitalist economies, a feature that gives it both its characteristic dynamism and its market failures.

2. In terms of Weber's typology, Selznick's portrait of purpose relies on a mix of traditionalistic, affectual, and value-rational action operating alongside the formal organizational structure. Selznick's text makes passing reference to situations that seem to implicate different types of action — traditionalistic (p. 17), affectual (p. 18), and value-rational (p. 57) — but never calls out these types as distinct. The closest he comes to any

differentiation is on p. 102 where he quotes Katz suggesting that early in the lifecycle of an institution the leader "may emphasize initiative, creativity, daring and to some extent a rejection of traditional pathways to goals and even a reformulation of organizational goals" (with echoes of charisma), whereas later in the lifecycle the emphasis might shift to "conformity to tradition, an emphasis on traditional pathways to conventional goals" (with echoes of traditionalism). But Selznick does not build on Katz's idea in any systematic way. Nowhere in this volume nor (as best we have been able to ascertain) in his later work did Selznick refer either explicitly or implicitly to value rationality or collegiality, nor indeed to either of the other two types. Instead, his account marries all three as forms of "substantive rationality" in their contrast with the "formal rationality" of bureaucratic structure. As noted by Krygier (2012, pp. 71−72), Selznick's basic argument was that the ideal types of social action and organization which Weber differentiated so carefully were often in practice combined, and it was precisely this combination that Selznick sought to highlight. We note in passing that Etzioni's "normative" type of organization (contrasted with his utilitarian and coercive types) is even narrower, relying entirely on affectual-action-based charisma as the source of the shared norms and goals (Etzioni, 1975, pp. XII−XIII). Mintzberg's (1989, chapter 12) "missionary" type is in this respect identical to Etzioni's normative type.

3. We take these dimensions for Parsons. Parsons (1971) argues that any enduring social system − including organizations − must satisfy four functional imperatives: Latency, Integration, Goal attainment, and Adaptation. Latency, or latent pattern maintenance, refers to the capacity of the social system to transmit values and belief systems to new members. Integration refers to the establishment of behavioral expectations that allow for the complementarity of differentiated roles. Goal attainment refers to the capacity of the system to set goals and pursue them systematically. Adaptation refers to the capacity of the system to draw requisite resources from its environment. Parsons argues further that in complex social systems, these functions are typically distributed across differentiated subsystems. Within organizations, Latency is assured by systems that foster internalized values shared across the organization; Integration is assured by the interactional norms that set behavioral expectations for relationships among people playing specialized roles; Goal attainment is assured by the authority structure of leadership and reporting relationships that allows it to formulate and pursue goals; and Adaptation is assured by the capabilities that allow the organization to respond to changes in the external environment (Heckscher, 2009). We should note that Parsons' is not the only framework we could use for the purposes of the theory we aim to develop in this chapter; but it has the advantages of theoretical depth, generality, and parsimony. Moreover, its key constructs overlap with others in the organization theory tool-kit: Latency/values correspond to what much organizational research calls "culture"; Integration/norms overlap much of the conceptual territory of "organizational climate"; Goal attainment/authority and Adaptation/capabilities are widely acknowledged as key dimensions of organization design (Galbraith, 2002; Heckscher, 2009; Jones, 2012).

4. The challenge here concerns the *collaboration* needed to integrate unitary or conjunctive efforts, as distinct from *cooperation* needed to integrate additive efforts or the *coordination* needed where efforts are disjunctive (Steiner, 1972). According to the primary meanings given in the Merriam Webster Online dictionary, coordination is the "harmonious functioning of parts for effective results"; cooperation means an "association of persons for common benefit"; and collaboration means "to work jointly with others or together especially in an intellectual endeavor." These definitions suggest a Guttman scale that parallels Thompson's (1967): pooled coordination via standards, sequential cooperation via plans and schedules, and reciprocal collaboration via mutual adjustment and teamwork. Along this scale, there are increasing levels and scope of task interdependence, and more joint effort required to determine means and ends of the activity. Most critically, coordination and cooperation assume that the ends (goals) of

the activity are given at the outset, where collaboration is characterized by joint effort to define not only means but also ends. This characterization fits the use of the term collaboration in key studies such as Martin and Eisenhardt (2010), Thomson, Perry, and Miller (2009), and Wood and Gray (1991). Like Lindenberg and Foss (2011), we link collaboration to "joint production," that is, "any productive activity that involves heterogeneous but complementary resources and a high degree of task and outcome interdependence (thus, contexts in which work efforts are separable and autonomous fall outside the realm of our analyses)."

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