ONLINE COUNTERPOINT 9.6

Growth can deliver increased domination of markets that can produce monopoly profits. Seeking growth per se can, however, be a commercially disastrous strategy if it does not improve profitability as costs outstrip revenues or anticipated synergies from acquisitions do not materialize.

ONLINE COUNTERPOINT 9.7

Such charitable actions are calculated to make good business sense. The positive publicity and good public relations associated with such interventions can pay for themselves many times over.

ONLINE COUNTERPOINT 9.8

This approach can be counterproductive if central functions, such as branding or shared supply chains are duplicated or overlooked. Since the mid-1990s, it is notable that Samsung adopted a different strategy by eliminating numerous house brands and concentrating exclusively on the single brand `Samsung' which has been accompanied by a massive, global advertising campaign.

ONLINE COUNTERPOINT 9.9

The obvious danger concerns shoe-horning the development of organizations into the stages of the life-cycle. It is posssible, for example, for an organization to remain at one stage for a long period or for it to shift between a couple of stages. Some phenomena are difficult to explain using the model – such as the very rapid collapse of a number of banks and other financial companies during the global economic meltdown of 2008-.

ONLINE COUNTERPOINT 9.10

Of course, bureaucracy can introduce its own inefficiencies – in the form of `red tape' that, for example, slows decision-making by passing non-routine issues up the hierarchy and, more generally, requiring officials to comply with the letter of the formal rules. The virtue of impersonality can become the vice of inflexibility.

ONLINE COUNTERPOINT 9.11

It is not so much that larger organizations `permit greater decentralization'. Rather, delegation as well as decentralization become functional necessities. But these are usually accompanied by forms of indoctrination, monitoring and control in order to reduce the risks associated with this process.

ONLINE COUNTERPOINT 9.12

One factor here is the tendency for managers to `empire build' in order to increase their own prestige and influence. When revenues are increasing, there is comparatively reduced pressure from shareholders to contain costs as they are seeing capital growth and dividends without headcount reductions.

ONLINE COUNTERPOINT 9.13

The challenge assoicated with ICS is to develop employees who are capable of shifting from a rigid, hierarchical form of communication to one that is horizontal where there is no `standing on ceremony'. It may be very difficult for managers to accept that subordinates may be more effective decision-makers and leaders in crisis situations.

ONLINE COUNTERPOINT 9.14

Criticism of bureaucracy is popular and often well-founded. Most people can think of examples where they have wasted time filling out needless forms in order to obtain a simple government service, or being transferred from one department to another in search of a repair solution for a malfunctioning piece of equipment. As the British management academic Mike Reed has noted, however, the natural desire to make organizational systems work better has sometimes spilled over into an overblown rhetoric about the dawn of a "post-bureaucratic age" , leading in turn to exaggerated counter-measures in which reasonably-functioning systems are swept away in the name of removing bureaucracy. Service delivery systems are then redesigned by expensive 'management consultants', often resulting in worsened, yet more expensive services contracted to the private sector . Within ten years of Britain's railways being privatized in order to replace bureaucratic sloth with private sector efficiency, the public subsidy for the system had tripled , rail fares were at least 1.7 times higher than in 'bureaucratic' France where the railways remains a state-owned bureaucracy , and several fatal accidents occurred due to poor system maintenance .

Even in the US, evidence is mixed about the outcomes of efforts to reduce bureaucracy. The sociologist Richard Sennett notes the counterproductive outcomes of many efforts to reduce bureaucracy in firms. He says such efforts tend to lead to "three social deficits – of loyalty, informal trust, and adaptive information. Employees in firms that have dismantled stable 'bureaucratic' organizational structures and replacement of permanent, well-defined jobs with contingent workforces are unlikely to agree to work extra hard during a busy time, or take lower pay in a downturn. Companies that had eliminated their middle, 'bureaucratic' layers responded in a disorganized way to a crisis such as a fire in the building, whereas firms that invested in long-term employment relationships found their staff knew each other so well that they intuitively worked together to deal with the problem. Finally, firms that had eliminated middle managers tended to underutilize new information technologies, whereas those that emphasized investment in people used new technologies as a tool for knowledge-sharing.

ONLINE COUNTERPOINT 9.15

Much professional activity is itself highly bureaucratised. Likewise training programmes are often highly standardized.

ONLINE COUNTERPOINT 9.16

`Downsizing' is a euphemism for a failure to outshine the competition in adapting to changing circumstances. The justificatioin for senior managers enjoying substantially better pay and conditions is that they shoulder the heavy burden of responsibility for the strategic direction of corporations. However, when it comes to `downsizing' – involving divestments and closures - it is often others who suffer for their strategic failures. It is therefore not surprising that downsizing is politically charged and that it does not necessarily achieve the intended benefits.