Governance is the mechanism through which a firm manages and economic exchange- market governance, intermediate governance and hierarchical gov.

**Market Governance -** used to manage an exchange when they interact with other firms at arms length across a nameless, faceless market and rely primarily on market determined prices to manage an exchange. Eg, electronics companies use MG obtain standardised electrical components from distributors.

**Intel**- manufacture processors of various, size, strength and capabilities. Other firms such as dell or acer who manufacture laptops and computer buy these processors and integrate them to their products.

**Glabia** foods purchases milk off farmers at a fixed market cost, i.e. any other milk manufacturer would not offer any higher/lower price. The milk is collected and processed. Farmers accept the market price and glanbia happily pay it.

**Goodbody** stockbrokers and many other stock brokers buy and sell bonds and other assets at market price. Neither firm decides the price; the market controls the prices.

**Intermediate Governance-** used for complex contracts and other forms of strategic alliances to manage exchange. Eg. Retail fims use IG to obtain products by negotiating long term supply contracts with suppliers. In all cases more complex contractual forms of governance replace independent arms length market relations.

**Ford** has identified 67 production and 22 non-production Aligned Business Framework (ABF) suppliers. Ford Motor Company has entered into ABF agreements with these select suppliers to strengthen collaboration and develop a sustainable business model to drive mutual profitability and technology development.

**Sony and Ericsson-** sony was leading in the world market of electronics, audio visual and communication, while Ericsson were a leading technology expert. They teamed up in a 50-50 joint venture to produce world leading phone headsets.

**Halcrow barry –** specialising in the transportation secotor a 50/50 owned joint venture practice with Halcrow Group Ireland, taken over by CH2M Hill - the global Consulting Engineering practice, which has approximately 30,000 employees.

**Hierarchical Governance-** used to bring an exchange within their boundary. Eg. Manufacturing firm uses HG when it own and operates a factory supplying the products it sells. A diversified firm uses HG when it operates a sales and distribution network that two or more of the business it owns use to sell and distribute their products.

**Catholic church** uses hierarchical governance to control the organisation. The pope is head commander followed by the cardinals followed by the archbishops.

**Kerry group-** formed over the years from a number of acquisitions. It is split up into three different sectors but is controlled under ‘kerry group’ not its individual managers. The secotors are ingrediants and flavours, consumer foods and agribusiness.

**Adidas group-** started off as lone firm but acquired reebok in 2006 and five ten in 2011. These brands represent excellent addition to adidas group and allows the group to expand into other segments. Our Executive Board is composed of four members who reflect the diversity and internationality of the Group. Each member is responsible for a major business area within the Group. The group manages each secotor the way it wants.

**Simple Structure:**

* Examples: melody music maker, it is an independant shop, independent of any other music shop. The owner is the manager who was the entrepreneur who created this firm.
* No middle line managers just shop staff for sales purposes.
* Decisions made fast because of only one manager the owner. Able to manoever quickly when a competitor makes a move.
* Coordination of work can be effectively structured around a narrow set of activities and decision makers who are able to coordinate activities qyickly and effectively.
* Lowe degree of departmentation and a wide span of control. Authority is largely centralised in a single person with very little formalisation.
* Oneils bar:

**Professional Bureaucracy:**

* Standardisation of skill rather than work processes.
* Hospitals- nurses and doctors all trained to a certain standard, their skill is standardised not the work processes. Each doctor/nurse has same standard of skill entering the hospital.
* They have the autonomy to deal with patients how they feel, given great power over their own work make their own decisions.
* They can work with or without others making the assumption coordination will continue with the standardisation of skills.
* Very few managers but large support staff in hospitals with a lesser degree of importance.
* Hospital is a stable environment but there are complex problems, ie injuries.

Ernst and young accounting.

* Provide a range of services ranging from audits, corporate finance and tax.
* 130 countries and 77000 employees.
* Having over hundreds of professionals working worldwide there is a badic mindset and and set of policies followed by one and all in the firm to maintain their standard.
* Splite as part of four areas, management team for each area,
* Workers given autonomy to do work themselves.
* Graduates to firm come through carefully structured development programm to give them proper training.
* Global integration with firm. Can access the right people and assemble broader more experienced teams worldwide.