

CET310 Software Enterprise

Week 6

Networking



Federalism

From Nationality Corporate Power pp 32-38, National Identity (Chantal Mouffe), Nationalism (Michael Mann) 1996



Activities



CET310 Software Enterprise Week 6

Networking



Federalism

From Rotundo's Corporate Power pp 1010. Reprinted for teaching. For more details see the book's website at www.rotundo.com



Activities



Federalism

From Balancing Corporate Power pp 33-56 Beyond Certainty, Charles Handy, Harvard Business School Press 1998

Definition

Federation

A group of states with a central government but independence in internal affairs.
An organization or group within which smaller divisions have some degree of internal autonomy.
The action of forming states or organizations into a single group with centralized control (OED)

Federalism

The federal principle or system of government (OED)

What is it

The logical conclusion of large business restructuring

The application of political principles to governing large complex organisations

Why

There is the belief that continuing increases in size
Has people have the right to decide what can happen
People need to be well informed to be engaged in the common interest
People prefer to be told rather than to be told

Large organisations can run more on their own terms
It is more sensible to let political principles govern them
It is the responsibility of power and control to make things big by keeping them small
It encourages autonomy and with the business

The pull of the professionals

Businesses are shaping themselves around their core activities and competences.
There are the people in knowledge and resources that allow them to compete in the market.
They realise that people are their key assets.

A good business is normally ruled 4 or 5 times its lengthways - the difference is attributed to the fact that actual property residing in the key staff.

There are normally professional people who wish to work in small autonomous teams but for part of a larger whole that can provide them with the resources they need to operate.

Federalism can facilitate this.

Subsidiarity

Power belongs to the lowest point in the organisation

The state should not do what the family can do better

Stealing people's decisions is wrong

Allow graceful failure - only take control if the decision is catastrophic

Federalism governs only with consent
e.g. European Union

Organisations need to be big and small

They need economies of scale to be able to invest in large projects

People need to identify with things on a human scale

Federalism balances power from the centre of the organisation with the centres of expertise and frontline action. Centres of federal organisations are distributed, small and exist to coordinate

What you do not own you cannot command

This is the desire to run a business as if it were your own personal effort or as if it were to be sold to you.
The tendency to wish to control business enterprise is falling.
Knowledge partnerships are replacing ownership and capital is falling.

In some countries, local government is widely used to take in urban areas, roads and public utility services.
IBM and Compaq
People in Cuba and North Korea

It is easier to respond by alliances and ventures.
Alliances are hard to manage - they should be built on a foundation of trust and shared interests.
Power has to be shared, autonomy granted - this is the only way to get it to work and success grows.
This is a tradition in many organisations.

Balancing preference for free and open markets with the drive to central bureaucracies

Centralised power leads to bureaucracy which stifles innovation and reduces the ability to respond to change.
It is a tradition in many organisations.

Decentralisation makes identical operations across the globe (e.g. McDonalds).

Management believes it knows the whole picture and can take decisions in the most rational way.
The centre has negative attitudes and a steady tendency to change specifications.

"Think Global - act local"

The federal concept is needed so that local decisions can coordinate and not compete against each other.

Definition

Federation

A group of states with a central government but independence in internal affairs.

An organization or group within which smaller divisions have some degree of internal autonomy

The action of forming states or organizations into a single group with centralized control (OED)

Federalism

The federal principle or system of government (OED)

What is it

The logical conclusion of large business restructuring

The application of political principles to governing large complex organisations

Why

There is the belief that autonomy releases energy

that people have the right to do things their own way

people need to be well informed to interpret the common interest

people prefer to be led rather than managed

Large organisations can be seen as mini Societies e.g. Google

Makes sense to use political principals to govern them.

Deals with the paradoxes of power and control - make things big by keeping them small.

It encourages autonomy but within bounds

There is the belief that autonomy releases energy

that people have the right to do things their own way

people need to be well informed to interpret the common interest

people prefer to be led rather than managed

Large organisations can be seen as mini Societies e.g. Google

Makes sense to use political principals to govern them.

Deals with the paradoxes of power and control - make things big by keeping them small.

It encourages autonomy but within bounds

Organisations need to be big and small

They need economies of scale to be able to invest in large projects

People need to identify with things on a human scale

Federalism balances power from the centre of the organisation with the centres of expertise and frontline action. Centres of federal organisations are distributed, small and exist to coordinate

Balancing preference for free and open markets with the drive to central bureaucracies

Centralised power leads to bureaucracy which stifles innovation, erases individualism and therefore inhibits growth (Edmund Burke 18th Century)

Businesses create identical operations across the globe (e.g. McDonalds)

Management believes it knows the whole picture and can take decisions in the interest of all

The centre has negative added value and actually hinders the outlying operations.

"Think Global - act local"

The federal compromise is needed so that business units can coordinate and not compete against each other

Centralised power leads to bureaucracy which stifles innovation, erases individualism and therefore inhibits growth (Edmund Burke 18th Century)

Businesses create identical operations across the globe (e.g. McDonalds)

Management believes it knows the whole picture and can take decisions in the interest of all

The centre has negative added value and actually hinders the outlying operations.

"Think Global - act local"

The federal compromise is needed so that business units can coordinate and not compete against each other

What you do not own you cannot command

This is the desire to run a business as if it were yours when you cannot afford it or may not want it to be wholly yours

The tendency to wholly owned business empires is falling

Strategic partnerships are growing examples are:

Apple & IBM

Spotify & Uber

In some countries - local representation is enshrined in law
in others some brands are not politically welcome

IBM and Concurrent

Pepsi in Cuba and North Korea

It is easier to expand by alliances and ventures

Alliances are hard to manage - they should be built on mutual respect and shared interests.

Power has to be shared, autonomy granted - the whole held together by trust and common goals.

Two of Federalism's main ingredients

This is the desire to run a business as if it were yours when you cannot afford it or may not want it to be wholly yours

The tendency to wholly owned business empires is falling

Strategic partnerships are growing examples are:

Apple & IBM

Spotify & Uber

In some countries - local representation is enshrined in law
in others some brands are not politically welcome

IBM and Concurrent

Pepsi in Cuba and North Korea

It is easier to expand by alliances and ventures

Alliances are hard to manage - they should be built on mutual respect and shared interests.

Power has to be shared, autonomy granted - the whole held together by trust and common goals.

Two of Federalism's main ingredients

The pull of the professionals

Businesses are aligning themselves around their core activities and competencies.

These are the pooled knowledge and resources that allow them to compete in the market.

They realise that people are their key assets.

A good business is normally valued 4 or 5 times its tangible assets - the difference is attributed to the intellectual property residing in the key staff.

These are normally professional people who wish to work in small autonomous teams but be part of a larger whole that can provide them with the resources they need to operate.

Federalism can facilitate this.

Businesses are aligning themselves around their core activities and competencies.

These are the pooled knowledge and resources that allow them to compete in the market.

They realise that people are their key assets.

A good business is normally valued 4 or 5 times its tangible assets - the difference is attributed to the intellectual property residing in the key staff.

These are normally professional people who wish to work in small autonomous teams but be part of a larger whole that can provide them with the resources they need to operate.

Federalism can facilitate this.

Subsidiarity

Power belongs to the lowest point in the organisation

The state should not do what the family can do better

Stealing peoples decisions is wrong

Allow graceful failure - only take control if the decision is catastrophic

Federalism governs only with consent
e.g. European Union

Networking

Networking Capital

Social Capital

This is the expected benefit obtained from preferential treatment derived from social connections with individuals and groups

Political Capital

This refers to the trust, goodwill and influence derived by politicians from their connections with the public and other politicians

Types of Business

The sector and type of business influence how important networking is

Knowledge based business and those dependent on reputation will value networking

Established mass production businesses will have less need.

Temporal and spatial context is important.

An established local business will have stable networks

A new international internet based business will engage in lots of networking activity

How do economists view networking

Qualitatively - Relationship content - what is their value to the entrepreneur

Quantitatively - Frequency of linkages

Through networking we can view entrepreneurship as embedded in collective social activity

The focus is on the relationship between entrepreneurs and the rest of society

Do successful entrepreneurs network more?

Entrepreneurs

Many entrepreneurs are independent and autonomous and don't have time to attend business clubs and networking events.

However, Extensive relationships can lead to business success

How important is networking?
Early research into networking shows a lack of enthusiasm by entrepreneurs and small business owners (Curran et al. 1993)

Growth oriented businesses correlate with active networking

Success Factors

Not every business that networks is successful

Quality counts

The nature of the relationships is important, are they strong and well established or weak

Strong ties are tight and closed - weak ones are loose and open

Weak ties are one useful in spanning boundaries and can create new opportunities. "Those to whom we are weakly tied are more likely to move in circles different from our own" (M Granovetter 1973)

Strong relationships can provide emotional, financial and informational support

The skill is in blending strong and weak ties

How do economists view networking

Qualitatively - Relationship content - what is their value to the entrepreneur

Quantitatively - Frequency of linkages

Through networking we can view entrepreneurship as embedded in collective social activity

The focus is on the relationship between entrepreneurs and the rest of society

Do successful entrepreneurs network more?

Networking Capital

Social Capital

This is the expected benefit obtained from preferential treatment derived from social connections with individuals and groups

Political Capital

This refers to the trust, goodwill and influence derived by politicians from their connections with the public and other politicians

Types of Business

The sector and type of business influence how important networking is

Knowledge based business and those dependent on reputation will value networking

Established mass production businesses will have less need.

Temporal and spatial context is important.

An established local business will have stable networks

A new international internet based business will engage in lots of networking activity

Entrepreneurs

Many entrepreneurs are independent and autonomous and don't have time to attend business clubs and networking events.

However, Extensive relationships can lead to business success

How important is networking?

Early research into networking shows a lack of enthusiasm by entrepreneurs and small business owners (Curran et al. 1993)

Growth oriented businesses correlate with active networking

Success Factors

Not every business that networks is successful

Quality counts

The nature of the relationships is important, are they strong and well established or weak

Strong ties are tight and closed - weak ones are loose and open

Weak ties are useful in spanning boundaries and can create new opportunities. "Those to whom we are weakly tied are more likely to move in circles different from our own" (M Granovetter 1973)

Strong relationships can provide emotional, financial and informational support

The skill is in blending strong and weak ties

Activities

Asset Audit

In your groups
Make an inventory of your assets
These can be physical such as capital,
stock, raw materials
or intangible such as skills and contacts
Discuss with the other groups
Have you missed any assets?

Agile

*Hold your weekly planning meeting
You should rotate the role of scrum master and have someone
take notes of what is discussed.*

*You may elect a product owner if you wish - someone who feels
ownership of the product.*

*Review last weeks activity - where all the actions were
completed?*

*Decide on the direction your enterprise will take for the next
week
and decide what the team members will do in the next week.*

*Your meeting records should be submitted as supporting
documentation (in mahara) for your portfolio*

*You should try and meet up at least once before next week's
session*

Asset Audit

In your groups

Make an inventory of your assets

These can be physical such as capital,
stock, raw materials

or intangible such as skills and contacts

Discuss with the other groups

Have you missed any assets?

Agile

Hold your weekly planning meeting

You should rotate the role of scrum master and have someone take notes of what is discussed.

You may elect a product owner if you wish - someone who feels ownership of the product

Review last weeks activity - where all the actions were completed?

Decide on the direction your enterprise will take for the next week

and decide what the team members will do in the next week.

Your meeting records should be submitted as supporting documentation (in mohara) for your portfolio

You should try and meet up at least once before next week's session