

Handout: Mintzberg on Management

Leadership and Organizations - Myth and Reality

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Abstract

Henry Mintzberg proposes new conceptual relationship to management, organizations and the world constituted by organizations. The subject of management, the manager, is detached from known attributes and receives a theoretical role description in the form of interpersonal, information and decision-oriented roles. Based on this, strategy development in management is highlighted as a craft, which is postulated as a synthesis process of analytical thinking and intuitive action, similar to the consideration of the neurophysical findings of left and right brain hemispheres. In this context, he criticizes the training of managers in MBA programs, which, according to him, rely too much on analytical studies and neglect the "practical" parts. Furthermore, he introduces new classifications of organizations as structural forms and power processes, which can be subdivided into seven types of configurations and described by basic characteristics. Here, organizations are equated with configurations. The differentiation of configurations are presented as entrepreneurial organization, machine organization, organization of professionals, diversified organization, innovative organizations, missionary organizations and political organizations. Furthermore, he supplements the configuration with the concept of form, which can be characterized as a force property in organizations and integrates it into a life cycle model. Finally, he proposes control mechanisms for organizations in society to prevent power concentration and presents a critique towards the formation of society through the construction of organizations and their characteristics.

Keywords: Mintzberg, management, configurations, organizations, society, leadership

Note: "The manager" refers to all genders in the following, with the masculine form used as an abbreviated form.

1 Introduction

In the following, the theses of Henry Mintzberg, a professor of economics and management at McGill University in Canada, from his book "Mintzberg on Management" [1] are presented. Mintzberg refers to three different topics: Management, in terms of looking at the manager, their roles and how they can carry out strategy development. The manager's ways of thinking are related to the concepts of analysis and intuition and put into context with the everyday work process. Advantages and disadvantages of the ways of thinking are compared and new approaches are postulated.

Subsequently, the organization is described as a set of configurations, whereby individual components and participants of the organization are described and the configurations are divided into seven basic forms. The transformation of organizations is illustrated by means of forces, whereby the basic form of organizations carries a dominant force, but at the same time requires a balancing force to maintain itself. With the help of these forces, the transformation process of organizations is presented in a life cycle model, which describes the possible transitions between the basic forms in a diagram.

Finally, Mintzberg summarizes the theses of management and organization and relates them to today's society. He shows who should control organizations (especially in the form of companies) and how this control can be designed. Finally, he puts theses about today's society in the foreground and gives an outlook on how it can come to a positive transformation of our world.

2 Management

At the outset, Mintzberg negates conventional notions about the role of the manager. A manager, he points out, is not a systematic, conscious planner of his work, but performs in short, varying and intermittent activities. The management process is always tied to a form of unreflective activity and is subject to a high pace of work. The freedom of a manager is often restricted by rituals, ceremonies and negotiations. Especially the aggregation of so-called "soft information" via gossip is crucial for the successful manager. The manager spends most of his time in oral communication over the telephone or in face-to-face encounters. Contrary to many theories in the management literature he obtains his most important information not through management information systems, but through direct verbal coordination. The strategic databases remain mostly "in the heads" than in management systems, which is why the managers themselves are of great value to a company. Last but not least, for Mintzberg, management is not a "science" that can be described by analytical processes, but management lives only through the intuition and judgment of the manager.

2.1 Roles of the manager

Further, he describes the manager in terms of *interpersonal*, *informational* and *decision-making roles*, which are manifested through formal authority and

status. Thereby the manager commits himself to a responsibility over the organization and its subunits. Access to information characterizes his status and gives him the ability to make decisions and develop strategies.

The interpersonal roles follow directly from the manager's authority: as a *representative figure*, he performs ceremonial duties and routine actions, with no decisive communication in the real sense. However, the *guide* role gives the manager direct guidance over the organization and the hiring of employees. Motivation and encouragement of departments are under his responsibility, therefore he carries a potential power. As a *contact person*, he cultivates contacts to build an information system, which is mostly characterized as informal, private and oral.

Consequently, in the *information roles*, he can manage the information obtained: As a *monitor*, he monitors the environment for further information that can strengthen the organization and make it better assess the market situation. He distributes the information to his employees in the role of *distributor*. To present the information, he has to make speeches and satisfy influential people such as shareholders or shareholders, which is defined as the role of *speaker*.

Finally, in the *decision-based roles*, he gains control over an organization: As an *entrepreneur*, he initiates development projects, which he controls and delegates. As a *crisis manager*, he must respond to external pressures that are beyond his control (strikes, bankruptcies, suppliers). As a *resource allocator*, he decides who gets what in a subgroup and authorizes major business decisions before they are implemented. With access to information and resources, the manager conducts negotiations as a *negotiator*.

These roles cannot be considered anything separate, but are only conceivable in the form of a *holistic gestalt*. For example, a manager cannot conduct negotiations without formal authority, or cannot act as a facilitator without access to information. Therefore, no role can be considered separately or divided among different people.

2.2 Strategy development

The term strategy development is normally understood to mean a form of planning that formulates specific courses of action and presents them clearly and explicitly in a process of analysis. Mintzberg, however, highlights a different image in which strategies are crafted. To this end, he makes a comparison with a potter who puts skill, dedication, and perfection into his work through mastery of details. Mintzberg compares the "serendipity of error" in pottery making to "opportunities" in business and sees the "feel for the clay" as "knowing the industry". The process is characterized more as "calculated chaos" with less thought and reason than involvement, familiarity, and harmony with the material. Many years of experience and commitment are the basic conditions for strategy development.

According to Mintzberg, strategies do not have to be planned, but can also *emerge*. He defines strategy here as plans for the future and patterns from the past, with patterns being defined as "realized strategy." Strategies can be formed and formulated. Companies that rely solely on the image

of planning in the literature are often misguided, according to Mintzberg. Managing strategies means putting thinking, acting, controlling, and learning into an artisanal way. Successful leadership requires maintaining the stability of strategies, detecting discontinuities, maintaining a (personal) overview of the market niche and industry and recognizing patterns in itself. Change and continuity of strategies must be adapted to different divergence periods.

2.3 Plan with the left, manage with the right

To clarify what Mintzberg means by his concept of strategy development, he compares the development process of strategies with the functions of the left and right hemispheres of the brain. The left hemisphere functions mainly according to linear patterns of operation, which are generally compared with logic and rationality. Information is processed sequentially and in an orderly sequence. In contrast, the right hemisphere processes information simultaneously and is more focused on the perception of images and gestures.

Mintzberg hypothesizes that important processes of managing organizations depend on the functions of the right hemisphere of the brain. Thus, oral communication, facial expressions, gestures, and linguistic tone tend to be registered by the right hemisphere, with information being perceived as relational and simultaneously than sequential and orderly. Impressions and feelings from hearsay and gossip about other people are of critical importance to the manager. The process is less analytical than "synthetic". Planning may only take place under stable environmental conditions and process-preserving strategies.

3 Organization

An organization is defined as a *configuration*. It is important to note that the success of an organization can only be explained by a combination of different character traits that adapt to a specific task. They strive for consistency in their courses of action in order to create synergies.

3.1 Components and participants

The components and participants of an organization are shown in figure 1. The *strategic top* is led by one or more full-time managers. Below these sit the managers for the operators in *middle line management*. This also includes managers over managers. *Supporting units* are responsible for external communication of the organization as well as maintaining internal processes, e.g., the cafeteria, mail room, or legal department. The *operational core* includes the workers who perform the main work. Often they are instructed by the *technostructure*, which is composed of analysts. Formal planning and control emanates from them. Finally, *ideology* forms a tradition or belief system that delimits the organization.

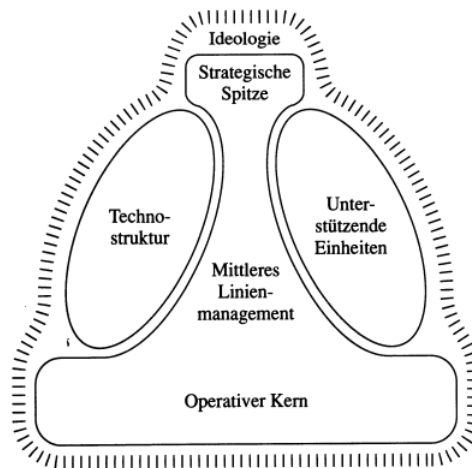


Figure 1: Basic types of organizations: Mintzberg on Management, Henry Mintzberg: 1991 p.110

3.2 Coordination mechanisms

There are six basic structures for coordinating work in an organization. First, there is mutual coordination through informal communication. Through direct control, management issues commands and orders. Standardization of work processes occurs through specification by the technostructure. The same is true for the standardization of outputs, specifying results. Standardization of skills (and knowledge) occurs through employee training. Last, standardization of standards forms a persuasion throughout the organization.

3.3 Basic types

Mintzberg characterizes an organization into seven different basic types which are listed in table 1. The *entrepreneurial organization* is defined by a simple, informal structure, with the boss maintaining control. Usually found in simple and dynamic environments, they are characterized by strong leadership and start-up mentality. A visionary process is at the forefront. However, an entrepreneurial organization is most susceptible to external conflict and must balance strategy with profitability.

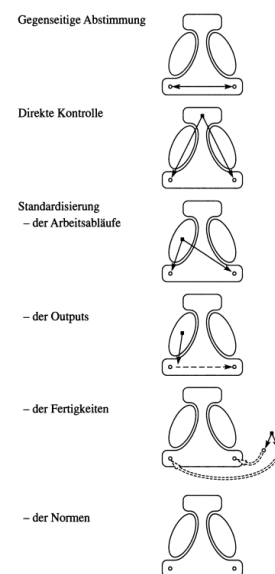


Figure 2: Coordination mechanisms: Mintzberg on Management, Henry Mintzberg: 1991 p.113

The *machine organization* is the most common. It is characterized by a centralized bureaucracy and routine, standardized tasks. It lives in a stable and simple environment and is usually large and established. "Rationalized work" in terms of mass production is its main characteristic. Its strategy lies in maintaining stability and is efficient and precise. This strategy can lead to concise control.

The *diversified organization* is an extended form of the machine organization, which is divided into different divisions and has an autonomous management. The market segmentation is founded by its different products and services. It is also increasingly evident in governments and public sectors of society. The individual divisions develop their strategies, which are always under the vision of the main management. Risk is spread across different divisions. Innovation is sometimes difficult to implement and irresponsible behavior can occur.

The *organization of professionals* refers to a high form of complexity and fragmented strategies. Control lies with the professionals and is mostly decentralized. Collective decisions determined strategy development. There can be coordination problems and resistance to innovation.

The *innovative organization* is also based on knowledge, but is characterized by a changing and organic process, distributed among multidisciplinary teams. They are mostly young companies that want to innovate effectively, which can lead to a reduction in economic efficiency.

Additional forms indicated are *missionary*, which is defined by an ideology, and *political*, which is usually an internal power play. Missionary means "pulling in the same direction," whereas political means a form of conflict toward a needed goal.

Configuration	Primary coordination mechanism	Key part of the organization	Type of decentralization
Entrepreneurial	Direct control	Strategic top	Vertical and horizontal centralization
The machine organization	Standardization of work processes	Technostructure	Limited horizontal decentralization
Professionals	Standardization of skills	Operational core	Horizontal decentralization
Diversified	Standardization of outputs	Middle line management	Limited vertical decentralization
Innovative organization	Mutual coordination	Supporting units	Selective decentralization
Missionary organization	Standardization of standards	Ideology	Decentralization
Political organization	None	None	Various

Table 1: Basic types: Mintzberg on Management, Henry Mintzberg: 1991 p.120

3.4 Forces

Further, Mintzberg describes configurations as manifestations of *forces* in an organization. Thereby each configuration tends to a dominating force which are shown in figure 3. Forces must always be counteracted by compensation so that the organization can maintain itself, otherwise it will get out of control. Entrepreneurial organizations tend to have a *directional force*, usually given by the leader. Machine organizations tend to be more *efficient*; everything must go according to plan. Professionals want to prove their *skills* and avoid relinquishing control. Diversified organizations tend to increase the *concentration* of power and finally the innovative organization especially wants to promote change and adaptation by *learning*.

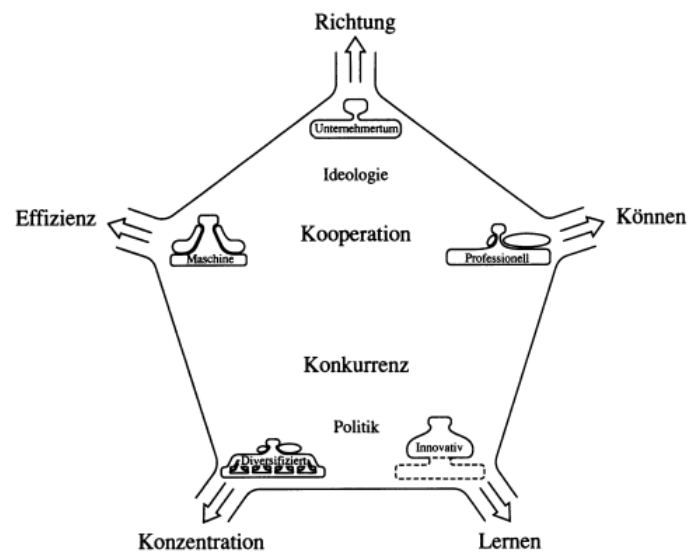


Figure 3: Coordination mechanisms: Mintzberg on Management, Henry Mintzberg: 1991 p.264

3.5 Life cycle model

The change of organizations is subsequently explained in more detail in the form of transitions between the basic forms presented above. For this purpose, a life cycle model is introduced, which divides the stages of an organization into *formation stage*, *development stage*, *maturity stage* and *decline stage*. The transitions are usually of a political nature or end in the demise of the organization.

Organizations usually begin in an entrepreneurial variant with a specific mission. This is maintained until the leader remains in his role or the organization ceases to exist. An outside control mechanism is rarely present. A transition to the missional configuration is most common, where the leader's vision is institutionalized. A belief system is established and interwoven into the management. In contrast, entrepreneurial organizations tend toward the innovative form on the one hand, with a creative mission, and toward the professionalized form on the other, with the expansion of standardized capabilities. In addition, starting from the entrepreneurial configuration, there

can be a change to the machine organization. In the case of takeovers, first to the instrumental machine, where the power lies with external influencers, or directly to the closed machine, if the power with internal management is great enough. Missionary organizations tend toward the closed machine because its inherent ideology can create isolation and destroy it from within. Closed machines can evolve into the diversified configuration as it grows larger and gains increased influence. A bureaucratic structure is established. Lastly, political organization can lead to the demise of the organization because it cannot exist effectively for long, or a new turnaround occurs.

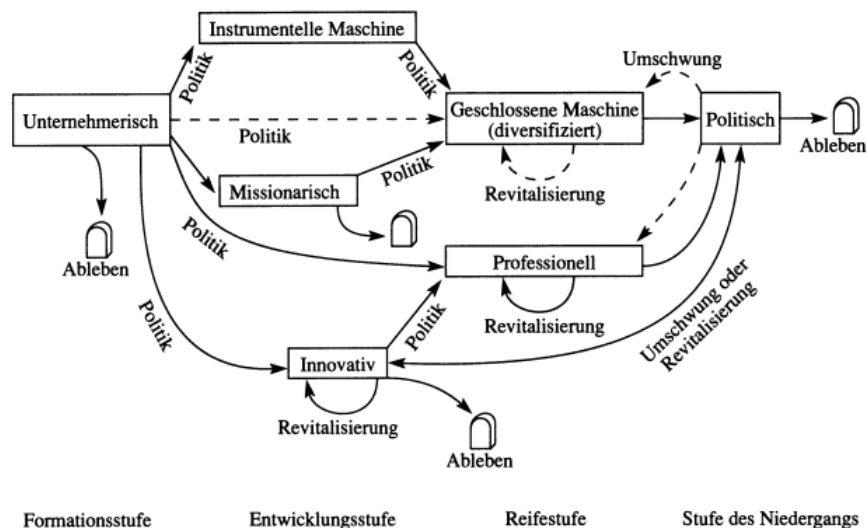


Figure 4: Life cycle model: Mintzberg on Management, Henry Mintzberg: 1991 p.288

4 Our World: A society of organizations

"We create organizations, so that they serve us. But somehow they also force us to serve them." - Henry Mintzberg

In the last part, Mintzberg puts the above hypotheses in relation to "our world today", which he calls "society of organizations". In order to give an answer to the control question of organizations, he presents different mechanisms shown in figure 5. *Nationalize* means to put the organizations in a government management, recognizing the task society as important, but it is not covered by the private sector. The organization should be run as a direct arm of the state. Further, he refers to *democratize* as intervening by facilitating the expansion of corporate governance. Power should be constitutionally decentralized in the process. *Regulating* means that certain activities are committed to a higher authority. Limits are imposed from "outside," leaving internal control with managers. In addition, *pressure* can be applied, usually in the form of campaigns calling for social action. *Trust* means that business leaders are trusted to want to pursue social goals themselves because "it's a good thing to do." In contrast, *ignore* is trust in business success, with social

needs included. *Incentives* may also be provided in the form of subsidies. Regulation and incentives may not be at odds with each other, or as Mintzberg clarifies: "*Financial incentives do not belong where a company has caused a problem, but rather has the ability to solve a problem caused by others.*" Lastly, by *restoring* is meant a decline to a strictly managed system, where profit alone counts and freedom is equated with free enterprise.

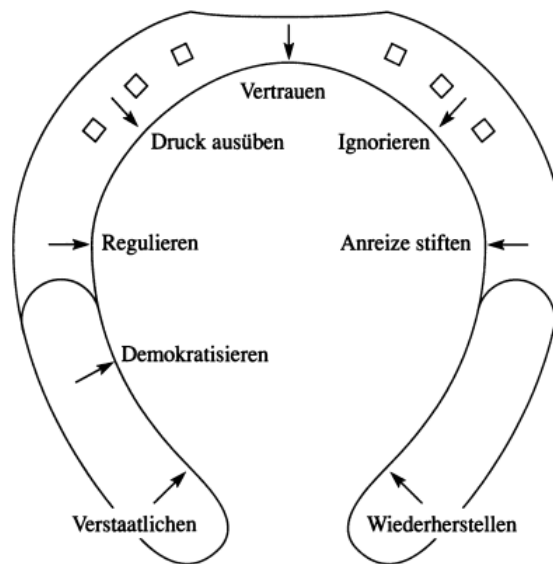


Figure 5: The conceptual horseshoe: Mintzberg on Management, Henry Mintzberg: 1991 p.312

In conclusion, Mintzberg points out that the organizational structures in society have led to a decline in intuition. According to him, society has become uncontrollable due to the current understanding of management. So far, no systematic approach to strategy formation has been shown, which is why he criticizes the theoretical managerial programs. Our society is a society of organizations, where everything can only be done within the framework of organizations. Our world, he argues, is dominated by large organizations. An understanding of society is therefore better described by organization theory than by established social sciences. The machine bureaucracy dominates thinking and dictates the nature of social structure. Control is the central driving force here. An organization can only persist if it dominates others. The loss for the value of spontaneity is the reason for the overrated need for planning. Thinking, orientation, and even goals must be provided from "outside and above" as a result. According to Mintzberg, intuition is no less rational than the current understanding of "rationality". Strategy formation is a process of synthesis rather than analysis. The right hemisphere of the brain is neglected and the holistic view is displaced. Professional management is the reason for the destruction of effectiveness of an organization. Theory about management became more important than management itself. The driving out of understanding, intuition, conviction and commitment resulted in the alienation of the population from the private and public sectors. People were degraded to impersonal shells. In the process, each organization carries

with it the power for its own destruction, which can only be stopped by a countermovement. Large corporations have become political entities that can sustain themselves through power influence, for example, through mutual agreements, advertising campaigns, bribery, or lobbying. Even governments can positively influence the retention of power. Therefore, Mintzberg calls for a balance between intuition and analysis, concluding:

"Only in this way will we find a way out of the unreal land of a strange world of organizations."

References

1. Henry Mintzberg. *Mintzberg über Management*. Gabler Verlag, 1st edition, 1991.