Lattice Organizations

Many organizations are changing their structures and new organization structures are emerging in modern days.

Valve Corporation, a videogame maker in Bellevue, founded in 1996, is one of the many Lattice organizations in USA. It is a flat organization with no hierarchies in positions. It has an open system of organizational structure where management functions are performed through self-directed and self-managed work teams. New projects are taken up depending on the demand.

Application

- In Valve Corporation, hiring, firing, pay and working day are all determined by peers. The pay which is confidential is calculated by the average rankings given by peers. Hiring and firing are done by teams.

- There are no promotions in Valve Corporation but the new projects determine the hikes or lesser economic gains.

- Someone or the other in the team leads the projects and emerges as de-facto manager and if it is not led by anyone, it implies that the project is not worth taking.

- Similarly, marketplace determines the continuing or scrapping of the products, especially when there is disagreement among employees.

With so much of autonomy, Valve Corporation is able to work effectively and all the employees feel empowered.

Benefits of Lattice Organizations

- The employees of lattice organizations are highly motivated and bent upon bringing results.

- They are committed to their work and are less stressed and have a feeling of ownership to their companies.

- They have obviously a very flexible work structure with great autonomy and independence to work.

- They tend to support each other and collectively perform with team spirit.

- They collaborate in their work with other teams of the organization.

- Somebody or the other takes the leading role and others follow without any difference in status.

- Everybody's performance is equally valued. Since performance is evaluated by all peers, there are no difficulties in fixing rewards.

Bottlenecks in Lattice Organizations

- Some scholars, no doubt are skeptical about the working of lattice organizations.

- They say chaotic conditions prevail as there are no bosses.

- There is no delegation of authority, no commands and no controls.

- It is also difficult to identify poor performers and offers no career paths to good performers.

- Decision-making and hiring takes longer time resulting in low productivity.

- Since the hiring and firing are done by peers, getting right people may become difficult.

- Group effectiveness possibly may shrink.

Concept

- Organization structure in Lattice organizations is open and flat.

- There are no bosses in lattice organizations.

- The traditional superior-subordinate hierarchical organizations are criticized for many reasons and are replaced by innovative and collaborative organizations.

- Everyone is equal and no one is in charge, a place where employees vote on who gets a promotion and how much people should be paid.

- It may be concluded looking at these organizations, that this approach may be applied generally to smaller organizations within low volume factories with a relatively small number of employees.

- Another important dimension is that the employees should be well-trained and should be able to perform multiple tasks as there are no middle management employees.

- Mostly, this approach works well with self-managing teams.

Discussion

With changing times, new and innovative practices are emerging and lattice organization structure is one of them, without bosses. Workplace customization and workplace flexibility create productive workplaces. Autonomy with checks and balances leads to empowerment and effectiveness.

Let chaos reign, then rein in the chaos-Former Intel CEO- Andy Grove

Questions

1. Looking at Valve Corporation, can you explain the performance evaluation system in Lattice Organizations?

2. Evaluate the working of lattice organizations.

3. In which type of companies can this approachbe applied?

> **Organization structure** refers to the defined relationships among the elements of an organization. While a **tall** organization is characterized by a number of hierarchical levels but a narrow span of control, a **flat** organization is characterized by fewer hierarchical levels with a wide span of control. New organizational structures are emerging like that of the lattice organizations.