Bureaucracy and Innovative Organizations: Contrasting the Finnish Mobile Content Companies with Weber's 15 Tendencies of Bureaucracy

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ABSTRACT
This empirical paper examines the presence of bureaucracy in the mobile content providing companies in Finland. Interview data, gathered from ten companies, is compared to and contrasted with the 15 tendencies of bureaucracy as defined by Max Weber and Stewart Clegg. The findings indicate that

bureaucracy is linked to clarity. However, otherwise it is seen by interviewees as inhibiting their freedom and negatively impacting their organization's innovativeness. Bureaucracy is not found to be a mode of organizing in the mobile content companies. Instead, a mobile content company is a web-like structure in which the bureaucratic tendencies are largely absent. This paper provides further evidence that innovative organizations do not organize themselves bureaucratically.

INTRODUCTION

Although the debate over the most appropriate organizational structure for innovative activities continues, there is general agreement among both academics and practitioners that a mechanic organizational structure characterized by pronounced levels of bureaucracy, formalization and control is in conflict with the trial-and-error character of innovation processes (Damanpour, 1991; Van der Panne, Van Beers and Kleinknecht, 2003). As an alternative, both theoretical observations and empirical evidence favour organic structures, for example the matrix structure and the venture structure, characterized by a lack of hierarchies, low levels of bureaucracy, wide span of control, flexibility and adaptability.

However, to the best of our knowledge the bureaucratic tendencies as defined by Max Weber (and later on Stewart Clegg) have not actually been systematically researched specifically in the context of innovative organizations. Alvin Gouldner has compellingly argued that bureaucracy is often understood as an end result in itself, and therefore the tendencies are not viewed as hypotheses, which should be empirically tested and verified (Gouldner 1948, see also Hall 1961). The bureaucratic tendencies can be seen as characteristics of bureaucracy, in that if they are found, one can talk of bureaucracy (Hall 1961). Weber's bureaucracy is, however, an ideal type, which means that not all the tendencies need to be present in order for an organization to be categorized as a bureaucracy. In practice in organizations labelled as bureaucracies only *some* of the bureaucratic tendencies are found, and the ideal type remains a sort of a backdrop against which the realisation of bureaucracy in organizations is evaluated. Therefore, it is useful to approach bureaucracy, according to Hall (1961, 33), from a tendency perspective. In line with Robertson and Swan (2004), we initially posit that bureaucratic tendencies might also be found in the innovative private sector organizations.

We wanted to examine in what detail are the 15 core tendencies of bureaucracy, as defined by Weber (1947, 1976, 1978) and Clegg (1990), in actual fact present – or indeed absent – in contemporary innovative organizations? We decided to re-analyse the data collected from the Finnish mobile content industry in 2002 in order to answer the research question: *"do the Finnish mobile content companies exhibit the 15 tendencies of bureaucracy?"* and more precisely: *"which of the 15 tendencies of bureaucracy do the Finnish mobile content companies exhibit?"*

ORGANIZATIONAL STRUCTURE AND INNOVATIVENESS

Innovation can be defined as the intentional generation, promotion, and realization of new ideas within a work role, group or organization, in order to benefit role performance, the group, or the organization (West and Farr, 1989; 1990, 9). According to this definition, individuals and groups undertake innovative activities from the intention to derive anticipated benefits from innovative change. However, innovation processes are by definition unpredictable, controversial, and in competition with alternative courses of actions (Kanter, 1988). As a consequence, innovation derives from risky work behaviours that may lead to unintended costs for the innovators involved despite their intention to produce anticipated benefits (Janssen, van de Vliert and West, 2004).

Organizational level factors that play a role in individual innovativeness are complex to analyze, and may range from the individual characteristics of the CEO to organizational culture, size and market share. For example, organic structure (i.e. non-bureaucratic and flat) and slack resources have been found to have a positive effect on innovativeness (Damanpour, 1991). Market share in turn appears to have a negative relationship with innovativeness, suggesting that a certain level of pressure and ambition related to a lower market share may positively influence an organization's ability to innovate (Rogers, 1983). The number of employees in the company in turn appears to have a curvilinear relationship with innovativeness. In other words, small and big companies tend to be more innovative than medium-sized firms, with small firms being the most active. Yet these results only concern R&D companies and may be industry specific. For example, smaller firms play a more important role in championing innovativeness in sectors in which only low level of capital is needed to enter the market and that work closely together with universities and government laboratories (Vandewalle, 1998).

At the same, it is the *individuals* who collectively make up the organization and collectively make it more than a sum of its parts. Logically, for example personality characteristics, human capital, job control, role breadth and the relationships with colleagues and line managers play a more *direct* role in influencing the innovativeness of an individual employee than for example the structure of the organization[1]. The implementation of innovation and the process from idea generation to marketable products is, however, more directly dependent on the broader organizational factors and context (Axtell, Holman, Unsworth, Wall, Waterson and Harrington, 2000; Clegg, Unsworth, Epitropaki and Parker, 2002), for example on the organization's strategy and structure. In the following, organizational structure, first the organic and mechanic structures, are briefly discussed, after which a closer look is taken at mechanic structures, particularly bureaucracy.

Organic and mechanic structures and innovation
Organic structures allow for diversity and individual expression and are therefore better suited to foster innovative entrepreneurship within the organization. The loose and open organic structure is

particularly well suited for the initiation phase in innovation processes, when creativity and free idea generation are needed. Organic structure is also often more conducive for open and adequate organizational and interdepartmental communication and learning in particular in smaller organizations. Several studies have indicated that *cooperation* between functional departments is critical for creating a climate and culture encouraging innovation. For example interaction between functional departments, e.g. R&D and marketing, has been shown to influence innovation and new product success. Indeed, innovation can be seen as an information processing activity: the team and individuals within the team obtain information on markets, technologies, competitors and resources and translate this information into an innovation (Moenaert, Caeldries, Lievenes and Wauters, 2000).

The question about the structure is not, however, clear-cut. Empirical evidence suggests that successful innovative firms are typically loosely structured during the initiation phase, but evolve towards more formal structures as the product becomes better defined (van der Panne, van Beers and Kleinknecht, 2003). Researchers also commonly agree that the older, larger and more successful organizations become, the more difficult it becomes for them to maintain an organic structure as some degree of hierarchy is needed to coordinate the various activities the members of the organization are engaged in (Salaman and Storey, 2002). In large organizations with an organic structure, managers may have too little time to for example familiarize themselves with the work of all the employees, coordinate their activities and engage in coaching and identifying training needs. In other words, because of the wide span of control the managers have less time and resources to support individual employees. Empirical evidence supports this. For example, Länsisalmi (2004) concludes in her study of innovation in small and medium sized organizations that a higher relative number of managers appears to facilitate innovativeness and that managerial support is crucial for the adoption of innovation.

Similarly, some level of formalization, stability and clarity of responsibilities has been found to contribute to improved communication by compelling all parties involved to exchange information regularly (Moenaert et al, 2000). If formal mechanisms are absent, communication easily depends only on the discretionary and ad hoc efforts of the teams members, which may not be sufficient, particularly in larger organizations. These findings do indeed suggest that some level of stability, clarity and coordination is needed - even when the structure remains organic - when the organization grows, becomes older and geographically dispersed. As Florida (2002) notes, one person may write brilliant software, but it still takes a well managed organization to consistently produce, upgrade and distribute that software. To some extent organizations are faced with the challenge of establishing structured organizational chaos that allows for the freedom needed for creativity but within organizationally set limits.

A Closer Look at Mechanistic Structure: Bureaucratic Structures of Organization

In discussing bureaucracy we draw on Max Weber (1947, 1976, and 1978) and Stewart Clegg (1990). Weber (1978) identified and defined the model or more specifically, the ideal type of bureaucracy, emphasising that it can be found, with some variation, in both public and private organizations. He discussed bureaucracy widely calling it an iron cage in which an organization has replaced a group of equal individuals as the structuring element of work. He acknowledged that bureaucracy was technically superior over other organizational forms. However, it's a very technical, formal way of functioning that compromises humanity and makes the organization a monstrous machine (Weber, 1976, 1978; Clegg, 1990).

According to Weber (1947, 1978) rationality and calculability are typical characteristics of bureaucracy. He pointed out that since economic activity is oriented towards chosen ultimate ends, substantive rationality would not be a simple calculation but would also take into account values. However, Weber (1976) predicted that capitalism would not need religious values and substantive rationality; they would be replaced by calculability and formal rationality. With rational calculations capitalists could manage the increasing uncertainty of the world. In this way bureaucracy would cause work to become more linear and predictable. Weber thought that bureaucracy was necessary, unavoidable, inescapable, universal and unbreakable (Haferkamp, 1987). Weber did not link bureaucracy with efficiency. Clegg (1990) maintains that the most striking feature of bureaucracy is its inefficiency. In his description of bureaucracy Weber (1978: 956-1005) saw the following tendencies as leading to bureaucracy. Clegg (1990: 39-41) named these tendencies aptly.

1. Hierarchisation
2. Specific configuration of authority
3. Specialisation
4. Credentialisation
5. Centralisation
6. The authorisation of organisational action
7. Legitimisation of organisational action
8. Disciplinisation of organisational action
9. Officialisation of organisational action
10. Impersonalisation of organisational action
11. Careerisation
12. A process of status differentiation (stratification)
13. Contractualisation of organisational relationships
14. Formalisation of rules
15. Standardisation

Table 1: The Defining Tendencies of Bureaucracy
Source: Clegg, 1990: 39-41; see also Weber, 1978: 956-1005

The fifteen tendencies of bureaucracy (Weber, 1978; Clegg, 1990) are connected to each other. (1) *Hierarchisation* establishes a clear system of super- and subordination. (2) *Configuration of authority* gives superiors the right to give commands to subordinates for the discharge of duties. (3)

Specialisation allows different kinds of duties to be executed expertly. (4) *Credentialisation* aims to guarantee that each specialist has the formal qualifications for his particular field of expertise. The wide variety of specialists needs to be controlled and co-ordinated by a central unit; therefore there is tendency towards (5) *centralisation*. Nevertheless, each person needs (6) *authorisation* of organizational action in order to perform his duties. As organizational action must be separated from individual action (7) *legitimisation* of organizational action is required. Bureaucracy would not work if its members did not believe in its legitimacy. (8) *Disciplinisation* of organizational action gives each person a framework for his actions. (9) *Officialisation* of organizational action demands the full working capacity of the employee. However, (10) *impersonalisation* of organizational action assigns power to positions, not to persons, which makes employees interchangeable. On the other hand, people have good chances for promotions on the basis of seniority and/or merits; hence (11) *careerisation* is typical of bureaucracy. Careerisation and hierarchisation lead to (12) *stratification (status differentiation)* between individuals. Tension caused by stratification is reduced by (13) *contractualisation of organizational relationships*, i.e., drafting formal contracts, which detail the duties and rights of each position. Bureaucratic activity also depends on the (14) *formalisation of rules* so that the whole organization works by general, stable and exhaustive rules, which can be learned. The management of an organization is based on written documents so that all action is (15) *standardised.*

In this paper we investigate the existence of these fifteen tendencies of bureaucracy in 10 companies of the Finnish mobile content industry. The research design along with the industry is first introduced. After that the empirical results are described one tendency by one. The 15 bureaucratic tendencies researched ultimately exemplify three things: *authority, rules* and *lack of humanity.* In the discussion part we will look at how these three, namely authority, rules and lack of humanity, materialise. Finally, conclusions are drawn and some needs for further empirical research are identified.

EMPIRICAL RESEARCH

About the Industry

The mobile content industry is defined as the industry that designs, produces and distributes products and services that add value to mobile devices, such as mobile phones. It is challenging to describe a rather new industry, such as the mobile content providing industry, as there is little previously conducted research and indeed no systematically gathered data to draw from. Thus, there are no industry statistics on average company size, turnover, female/male ratio or average salary that could be drawn upon and which would enhance the description of typical employment relations or company profiles in this industry.

The mobile content providing industry emerged in the mid 1990's, rather simultaneously in Finland, Norway, Japan and the United States (Silicon Valley). In Finland, the emergence of mobile content providing industry marked the coming together of people with information technology know-how and new media know-how (Huhtala 2004). Basically, people from the two industries often joined forces in the Finnish context to establish mobile content providing companies. In Finland the *first* mobile content services offered were the SMS text messaging services, actually invented by people at Finnish telecom operator Radiolinja and launched in 1996. Currently over two billion text messages are sent annually in Finland and billions and billions more around the world. The services based on text messaging are still widely used. Ring tones (invented by Finnish (now-a-days Finnish-Swedish) telephone operator Sonera/Zed) and logos (invented by telephone operator Jippii!), both in 1999, are other product groups that have incrementally increased in popularity. The Finnish mobile telephone industry developed, and still develops, some of the most advanced, entrepreneurial products of its field globally, and is one of the main driving forces of mobile telephony development per se in the world, with the Finnish Nokia a market leader with a market share of nearly 40% of the total mobile phone market globally (Häikiö 2001). The mobile content industry creates content for mobile phones and as the phones continue to improve, content of different types is increasingly needed. For these reasons we thought that this innovative industry would be interesting to compare with bureaucracy to see to which extent the bureaucratic tendencies are present.

The impact of telecom operators upon the industry is unique. Telecom operators were the developers of the first content products and services for mobile phones. Thus, they initiated the field that has during the past ten years become an industry of its own. They offer distribution platforms for all the mobile content products and services and purchase products and services from the content providing companies in order to market them as their own. Hence the operators have unsurpassed knowledge of the industry and individual companies both in terms of their history and current situation. All in all, the role of the telecom operators in the mobile content industry is somewhat unique (Stenbock, 2000, in Castells and Himanen, 2001: 22-23). The development of mobile content products is likened to the development of telecommunications technologies in general. The telecommunications industry peaked in 1999 and early 2000 (Aula and Oksanen, 2000). However, this industry bubble burst later in 2000 (ibid.). As a result several companies faced bankruptcy during 2000-2001. Many of the remaining ones merged and this trend still continues today.

The Selection of the Companies

As there was no register of companies operating in the mobile content industry, expert *interviews were conducted with heads of content production at three main Finnish telecom operators* in order to create a base for the sampling. The industry-level interviews established four things. They:

1. Defined the industry as the one providing and distributing mobile value-adding services for mobile devices, primarily for mobile phones.
2. Distinguished the role and function of the service provider and the content provider.
3. Yielded a list of companies that would form the base for sampling.
4. Further familiarised the researcher with the specialist terminology of the industry.

After the interviews web page content analysis on all the companies mentioned was conducted. However, the informational content of the web pages was small and mainly focused on marketing to potential clients. A typical web page of a company consisted of a short history of the company, examples of main partners, general introduction to the main product types and products and contact details for further inquiries. According to this information, the companies were established in the latter half of the 1990's. They had co-operating partners and clients both in Finland and abroad. They offered technical solutions for mobile content production, provision, platforms and distribution. Interestingly, they were nearly all located in Helsinki-Espoo area, within 15 kilometres of each other. However, very little - if anything - was said about the internal affairs of the companies, their organization or structure, values, practices, culture or employees. For this reason, the data collected from the web pages is not further utilised in this paper.

Altogether 21 companies were mentioned by the industry experts, of which two were merged together during the research thus making the total number 20. Out of these 10 were included in the sample. This was considered to be a high enough percentage, and also the maximum amount of companies that could be approached and researched within the given timeframe and limited personnel resources. There are, however, some limitations to bear in mind when considering this industry. Firstly, the mobile content producing companies are small and medium sized and the industry is rather small. This is likely to impact the way of structuring and organizing. Secondly, the companies are organized around projects and typically have no functional departments, but instead project teams consisting of people with different kinds of expertise, most often sales and marketing specialist/s, technology specialist/s and coders, a client contact person and depending on the project also other people such as graphic artists or musicians. Thus, all the companies are project-based organizations, and constant product innovations are literally necessary for their survival. Thirdly, the mobile content industry has a short history and therefore developing traditions, which means that there probably exists more space for freedom to act differently, e.g. to structure differently (Huhtala 2004). However, the companies selected are not start-ups or fleeting companies, but have been around on the average since 1996-1998. They describe themselves as entering the early maturity stage, and also explicitly state that they are not planning to increase bureaucracy nor do they wish for more structures of any sort.

Research Design

Data Collection

The research was qualitative, consisting of semi-structured interviews and thematic analyses. The interviews were conducted in January-March 2002 in Finland. The defining characteristic of an organization functioning in bureaucratic mode for Weber was *the presence of a leader and an administrative staff (*Clegg, 1990: 33, emphasis added). Therefore, as the person responsible for administrative issues was the person in charge of the Management of Human Resources, in all of the selected ten companies this person was interviewed about the prevalence of organizational structures in the organization in general and also about the organization's HRM system and control over the employees more broadly. We also asked about the total number of people working in administration and HRM. In one company the person in charge of HRM was the CEO, in another one the CFO (the two smallest ones). In the remaining eight companies the person in charge of administrative duties and HRM took care of just the bare minimum of the necessary HRM responsibilities such as recruitment, as most of the HRM practices were not in use in these companies (Huhtala 2004; Huhtala and Parzefall 2006).

15 interviews were conducted with employees from different professional groups[2] in half of the ten companies in order to get these employees' views on, among other things, the presence of organizational structures and practices in their everyday organizational reality and on the other hand on their innovations and innovativeness. The age range of all the people working in these companies was between 22 and 40 with the majority of people being 28-30 years of age. The female/male ratio was approximately 35/65 per cent. Most had university degrees either in technology or business. For some, approximately 5 per cent of the people working in these companies, this was their first permanent job. Nearly all the people working in these companies were on permanent contracts and the pay in the industry is according to all interviewees high. Most people working in these companies were married, but did not have children. In addition to the interviews, content analysis of the company web pages was also conducted, as described earlier in the paper. Companies' internal documents such as organizational charts were also asked for, but the companies did not have these.

Data Analysis

The data collected in 2002 was re-analysed by means of thematic analysis. In the analysis each one of the bureaucratic tendencies was a separate thematic category, for example "hierarchisation" and "specialization". The themes and text falling under each of the bureaucratic tendency definitions were marked under categories named after the tendencies. The thematic analysis was conducted manually by looking through the transcripts of all the interviews, company by company, and manually marking

whether what the interviewees said fell to any of the 15 categories and was thus exhibiting one of the 15 tendencies of bureaucracy. The analysis was conducted at the textual level and the focus was on establishing the prevalence of these bureaucratic themes first in each company and then across the companies in order to get at the frequency of each tendency across all ten companies. The results are summarised below.

RESULTS

Overall, the results indicate that there is a striking absence of bureaucracy in the mobile content companies, both from the viewpoint of HRM managers and employees. Therefore, the answer to research question 1: *"do the Finnish mobile content companies exhibit the 15 tendencies of bureaucracy?"* is straightforward: hardly any of the 15 core tendencies of bureaucracy can be found in the researched organizations of the industry. To the second research question, namely, *"which of the 15 tendencies of bureaucracy do the Finnish mobile content companies exhibit?"* the answers are explained in the following in light of the empirical findings one tendency at a time.

Table 2: Overview of the Results: Bureaucratic Tendencies Found per Company

Tendency/ company	comp. 1	comp. 2	comp. 3	comp. 4	comp. 5	comp. 6	comp. 7	comp. 8	comp. 9	comp. 10
Specialization	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Specific configurations of authority	no	yes	no	no	yes	yes	no	yes	yes	no
Hierarchisation	no	yes	no	yes	no	no	no	no	no	no
Contractualisation of organisational relationships	no	no	no	no	no	no	no	no	no	no
Credentialisation	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Careerisation	no	no	no	no	no	no	no	no	no	no
A process of status differentiation (stratification)	not known	not known	not known	not known	not known	not known	not known	not known	not known	not known
Authorisation of organizational action	no	no	no	no	no	no	no	no	no	no
Formalisation of rules	no	no	no	no	no	no	no	no	no	no
Standardisation	no	no	no	no	no	no	no	no	no	no
Centralisation	no	no	no	no	no	no	no	no	no	no
Legitimisation of organisational action	no	no	no	no	no	no	no	no	no	no
Officialisation of organisational action	not known	not known	not known	not known	not known	not known	not known	not known	not known	not known
Impersonalisation organisational action	no	no	no	no	no	no	no	no	no	no
Disciplinarisation of organizational action	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes

The quotations extracted from the interviews are labelled according to the following system: the first number indicates the interview round in question; the second number refers to the number of the interview, and the final number indicates which quotation from the interview is in question. For example, the quotation labelled II:6:17 is the 17th quotation of the 6th interview in the 2nd interview round.

To start with (1) *hierarchy*: one symbol of hierarchy, namely the organizational chart, nicely illustrates the stance taken towards this tendency of bureaucracy. There are no organizational charts in use in any of the 10 mobile content companies researched. The majority of the interviewees are either not able or willing to sketch the charts when requested. People take part in various project teams and their roles can differ and do differ in each project team. Thus the same person can be a team leader in one project and an executing member in another. Positions are diversified and change; even job content is modified and can even be altogether altered. Without exception employees spontaneously refer to the organization as a flat organization in terms of hierarchy. The little hierarchy that there might be differs wildly from one project and situation to another.

> Here we do not really have bureaucracy: the organization is flat and flexible. Pointless paper work is at a minimum, which is fantastic as I used to work in the public sector (III; 9:38).

> This is such a flat organization. You do not have situations where someone would say: this is not it. If you are doing it, it is OK. It does not entail running from one boss to the other, but everyone has their own things that they are doing (II; 6:35)…It is flat…. things do not go via two hands (III; 6:6).

> It is precisely this lack of hierarchy. In this way work can be interesting and fun instead of an unpleasant compulsion (III; 7:22).

Also, (2) *the specific configurations of authority* in terms of superiors are largely missing. The empirical evidence of this study clearly points out the lack of administrative staff as well as the absence of conventional managers and clear leaders. Also the functions of administrative staff and for example HRM procedures and techniques were largely absent. The interviewees had a particular proficiency and were largely their own bosses; this leaves little room for conventional managers. This absence of administrative staff and associated (bureaucratic) procedures stands in contrast to the findings of Kärreman and Alvesson (2004), who found that HRM procedures, standardised work procedures and career paths are used to regulate organizational action and to control the employees in contemporary knowledge intensive firms in addition to socio-ideological control.

> We do not address anyone formally in this organization. Everyone is spoken to by their own nickname…Whoever comes in, you do not need to take a position. Everyone is relaxed and just the way they please (II; 2:57).

> I do not experience bureaucracy here. There could be more. If there was more bureaucracy here, things could function more clearly. You would get leading figures. Here, we do not have enough authorities to ascertain the general order... (III; 1:34).

> Here bureaucracy is minimalist... it is good; things go forward faster (III; 7:39).

(3) *specialisation* is defined as follows: "task discontinuity is achieved by functional specification. Tasks are specific, distinct and done by different formal categories of personnel who specialise in these tasks and not in others. These official tasks would be organized on a continuous regulated basis in order to ensure the smooth flow of work between the discontinuous elements in its organization; thus, there is tendency towards specialization" (Clegg, 1990: 38-39). Specialisation in these contexts seems to have a different meaning in comparison to its modern predecessor. In the mobile content organizations, tasks are not clearly defined and specific. They are mutually implicated with other parts of the project, and thus by no means distinct.

> You need to have proficiency to that extent; we aim to establish already in the first phase that you can start operating immediately. Because we do not have much time to train in basic operations, they need to be grasped already. Then we create the mentality that ask, ask and ask [if you have questions or uncertainties](II; 2:47).

> Everyone here has some expertise or expertise from several fields. Therefore, everyone has to be the innovator of one's own things (III; 4:73).

> Yes, [I can sufficiently take part and make decisions regarding my work], because the decisions that I cannot impact on are the ones that I do not have the expertise for or nothing to say about in any case (III; 10:52).

However, there is (4) *credentialisation* as the vast majority of the employees have formal qualifications: proficiency is taken for granted and associated education is a basic requirement. The only exceptions to this are self-taught coders. However, proficiency and experience are not enough; in *addition* a person needs to be a "good character".

> We take on a person because of character and we do not take on any feeble people… the basic assumption is that the person understands what s/he has been hired for and for what purpose… there is no need to hold the person's hand (II; 4:37).

> We always aim to get someone to work by checking whether the person is a good character - that is the starting point. Well, business is… if you understand something about life you learn business rather fast. That, you see, is the important thing (II; 2:20).

> We get good characters from many sources. As our CEO often says, he first interviews the character and only afterwards thinks about whether we can come up with some work for him. This is one way in which people have come to work for us; we see that this is really a good character and he can add value for us (II; 2:40).

> For example, now we have not been recruiting actively, but of course if some brilliant characters come knocking on the door, we will hire them (II; 9:2).

Almost nothing is centrally managed, co-coordinated or monitored. Thus one cannot talk of (5) *centralisation* in the context of these companies. Instead, matters are negotiated spontaneously and constantly.

> We are and do things by ourselves but different sorts of groups are formed really on a daily basis. We have standard meetings and group meetings, however they are not written in stone, but we attempt to keep to them… there is continuous negotiation and group activity. At the very moment we decide that it relates to that topic, and then we just start doing it. It is like that… We do not have anything formal. People know who to go to… we do not use project diaries, only deadlines (II; 2:64).

> We have enough people and communication works so well that [in each area of expertise] despite their individual work they can also do each other's work. Holidays work feasibly in such a way that the whole professional group is not away at once. Each professional group can negotiate among themselves when they take their holidays (II; 4:17).

The (6) *authorisation of organizational action* to individuals is minimal and instead organizational action is organized in project teams in which professionals work together in constant co-operation.

> It is fifty/fifty individual and group work… But, I would say that on average co-operation… (II; 1:18).

> Yes it is in a group, but in a way that one does one's part and the other does another part and then when you put them together you get something (II; 7:75).

> Individual work in groups… all the time people communicate with each other but do the actual work by themselves (II; 6:15).

> Yes, it is always a group. Typically 6-7 people belong to one project or team and these people work intensively together (II; 4:22).

(7) *Legitimisation* of organizational action is often peculiar as owners are in addition to or instead of venture capitalists, employees and company founders; however, many of the latter group are also working as employees in the company. Some people also spend a lot of spare-time together. Furthermore, in recruiting a person personal character is the main selection criterion. The aim of the

business is still – in addition to creating innovative products - to do it profitably and thus to create wealth for the owners and bonuses for the other employees.

> Innovation is important but there needs to be some sense in it. That you do not just build some extravagant device and there is no use for it…Innovativeness needs to have some benefit if you think of work related matters… that you do not just do things for the sheer enjoyment of development and doing, but because it has a [pragmatic] impact (III; 8:69).

> Profit responsibility is essential, particularly in client relationships. The money that comes into this organization is tied to the success of the projects. When a project has been accepted it usually has a price associated with it that indicates the money flowing to this organization. It is through that [that profit-orientation is felt]… profit-orientation has been conscious all the time. In fact it has been underlined. In all the common meetings it is underlined (II; 3:36).

> Well, you can see it especially now during the economic downturn, in that more is demanded of you. It is obvious that if the company is not making a profit and if you are not doing your job the company cannot benefit from you. You have to be able to bend according to [these] expectations (II; 4:40).

(8) *Disciplinarisation* of organizational action takes place through projects and teams, as those often provide the framework for action. The clients are a disciplining body as their requests and feedback are incorporated into many of the projects. (9) *Officialisation* of organizational action is not strict and far reaching: for sure there are some codes of conduct, but there are no formal written or documented rules for behaviour or for anything else. The employees use their common sense and the degrees of freedom are high.

> Timetables are often decided by the client, but the targets are set by me (II; 5:29).

> At one point everyone was putting down their working hours, but many people got frustrated with that. They said that this is childlike way of operating, as nobody in actual fact is reading them. The people who are on hours-based contracts still do it, as do some of the salespeople, just in order to be able to follow up projects, but others do not do it anymore. I do not do it either (II; 9:39).

> When you have a project no one is monitoring what you do. It is very autonomous; you do everything until the end. From the very beginning I have experienced that here you do not expect someone to come and stroke your head and you do not ask: what do I do now? … Most of the time you have to work independently (III; 5:37).

Furthermore, the capabilities and capacities that people use in their work time and spare time are not clearly distinguished. On the contrary, they have become mixed, and all in all, boundaries between work and non-work are disappearing (see, Fournier 1998). In these researched organizations, people often seem to voluntarily mix their private life and work life by spending time with colleagues after

working hours or indeed by becoming friends with their colleagues. Similarly, fitting in is already deemed the single most important thing at the time of recruitment. Thus (9) *officialisation* of organizational action and (10) *impersonalisation* of organizational action are hard to find in these organizations.

Character is important, but after that come proficiency and experience (II; 6:25).

> The work atmosphere is friendly, because the people are congenial. There is a certain kind of sociability. People have common interests and hobbies after working hours…. Playing games is an interest that many share; we talk and play also during the lunch breaks (III; 6:17).

> It is going to calm down. Everyone calms down when they become older and when organization comes to home life as well. You just have to start thinking what time you are going to work today when you know that you need to pick up the kids from kindergarten at five. In that way you inevitably get some rhythm created by society (II; 3:68)

> Work does not end at five o'clock when you leave for home until the next morning. You meet people who are related to your work when you are out and on trips… In any case, *work is a part of you and you are a part of work* (III; 8:14).

Closely associated with hierarchy is the concept of a career. (11) C*areerisation* is also one of the 15 core tendencies of bureaucracy. The empirical evidence highlights the absence of a traditional career as well as the lack of thinking in terms of a career in the mobile content organizations. Career progress per se is not desired by the majority. Peculiarly, despite future-orientation being a prominent rationale for learning and developing, people do not think in terms of a traditional career. People to some extent refuse to talk in terms of a career; the majority just do not talk of it, but some explicitly deny it. It seems to be insignificant to them: A career is not desired, thought of, aimed at or actively resisted. Interestingly, some even feel guilty and ashamed of not wanting a career. They experience themselves to be different in this regard.

> "I think of the future predominantly. I am young and I want to get to a certain state. I am not career-minded. I want to get a little bit higher but not to any managerial or superior positions. I do not necessarily want a career. I am happy with what I am doing now. Of course with time I want more responsibility, but I have not set myself any targets that I need to be this and this. *Maybe it is wrong not to, but a career just is not what I view as important*". (III; 5, 68).

> My nature is such that I do not plan much: I do not have any real career plans. It might well be that next autumn I am in the Caribbean… It is more the completeness of life, I am not so work or career oriented that I would do anything for them. It is more that I enjoy what I do on a daily basis and therefore I further develop myself in it, and then in three years time I might end up being somewhere, rather than working three years like crazy doing anything and then getting to a nice position with a nice salary. I do not understand people like that, but everyone has their own motivators. In their case it is that they get to hold good by getting a certain position or salary. For me it is what I do on an everyday basis that counts much more (III; 8:66).

In relation to (12) *stratification*, there is a lack of titles as well as a lack of desire for titles. In fact, fancy titles are joked about. Hence, this again underlines that there is lack of *status differentiation* in the classical sense. Obviously there are large differences between projects and professions, but the respect for professionalism is valued throughout. Thus there is little status differentiation between different professional groups, but some within them. There is also a lack of authority as well as lack of belief in authority. As a replacement for external authority, we found a strong emphasis on self-management and self-leadership. Our findings on self-management and autonomy are similar to those of Robertson and Swan (2004: 145), who suggest that: "in order to promote organizational innovation and creativity, highly autonomous working conditions need to be provided". Furthermore, we also found that the use of negotiation rather than delegation as a way of organizing and deciding further supports the lack of authority (Huhtala 2004).

> I just noticed how taken for granted one keeps some things, like for example the fact that work does not cause any problems… work is absolutely a positive thing… I think it is for the majority of people [here], because the work is diverse, you need to use your own initiative and your own brains, and of course because you do not have the boss sitting around there (III; 11:68).

> I can make decisions very autonomously. Also the working hours are very flexible. I can also pretty much decide for myself what I do and when I do it. Of course you have to take into account that clients have certain requirements, as do the projects. But no one comes to tell me you need to do these in this order. Instead, doing the work is self-initiated and self-directed (III; 4:42).

There is (13) *contractualisation* of organizational relationships in the sense that all the employees have working contracts. However, it is not typical to detail duties and rights in these contracts in the traditional way. This is associated with the aforementioned lack of specific configuration of authority, which in turn is combined with the lack of authorisation of organizational action.

> A job description is usually written when a person is hired, but the problem is its updating. Descriptions change so fast that in three months' time they are no longer valid (II; 5:37).

> When a person comes in they have a certain job description but in six months they do completely different things (II; 2:40).

> What everyone aims for is established and we try to find a corresponding place or area in the organization, in which one can develop accordingly. Also, if one wants to change one's duties and develop oneself in another area, we aim to arrange that (II; 8:52).

> I experience my work as very autonomous - very. This is because I can really make decisions and I am given opportunities. But it is also because, for example, my job

description is not defined in a detailed manner. So, the creation and construction is self-initiated and self-directed. (III; 8:36) I can have a very large impact upon my work. Then again, I am expected to bring in new ideas and develop stuff, therefore I can very much define what I actually do (III; 8:54)

There are some informal codes of conduct, but there are hardly any organizational rules. For this reason (14) *formalisation of rules* is missing. In the absence of documentation and filing, it is difficult to see (15) *standardisation* as being present.

> There is no planning. There is nothing regular. It is based upon the person's own activeness. A few people have come to me to say that they would like to focus a little bit on other areas. I have said to them that I will do my best and try to arrange it (II (CEO) 3:64).

> The industrial safety inspector thought we do not have any working hours practice. So far we have had free working hours because nerds live by a different rhythm. They come here at midday and are here until late. Thanks to the industrial safety inspector we probably have to change this somehow… we were just trying to explain to the safety inspector that it really is not in the interest of the employees to change this as they prefer to have flexible working hours (II; 1:13).

> The employees' level of independence is high. Freedom comes with responsibility. It is responsibility; if you want freedom you also want responsibility, but *if you want to be in a support organization and lead an easy life you are not free* (II; 3:86).

However, there are two positive side effects that bureaucracy is thought to have, and those are *clarity* and *security*. Due to these effects, opinions are divided over bureaucracy. On the one hand there is a minority who wish to have more clarity, and an increase in bureaucracy is seen by some of them to be the way of achieving this. On the other hand there are those, a majority, who despise bureaucracy and would like to see the end of even the little that they have. However, the fact remains that there is hardly any bureaucracy, whether it is hoped for or not.

> I experience bureaucracy in an increasing manner. I have been taking part in creating it, just because I feel it is necessary… at some level bureaucracy is necessary, but too much is too much. If you need to get approval for going to the toilet you have gone too far… of course bureaucracy brings systematisation and safety to work, in that when I do this and this I know that [by following this certain procedure] I have done it correctly and well (III; 4:41).

> When we do have it [bureaucracy] I experience it as extremely annoying. I am not the sort of person who can tolerate it easily. Luckily we have very little of it here. We have consciously tried to avoid it (III; 10:26).

DISCUSSION OF FINDINGS

Rationality and calculability are seen as typical characteristics of bureaucracy (Weber, 1947, 1978). The results indicate that rationality and calculability are largely absent in mobile content companies. On the contrary, the business logic and survival strategy in the industry seems to be that companies succeed if they are flexible and creative. *In other words, the 15 tendencies of bureaucracy (Weber, 1978; Clegg, 1990) are found not to be present, and when they appear, they form a loose web.* Hence, they are not interconnected or strong, but instead the degree of bureaucratisation is weak.

To be more precise, ultimately the bureaucratic tendencies exemplify authority, rules and lack of humanity. Therefore we shall next discuss these in light of our findings. Authority is illustrated by six tendencies: (1) *hierarchy*, (2) *configuration of authority*, (5) *centralisation*, (6) *authorisation* of organizational action, (11) *careerisation* and (12) *stratification (status differentiation)*. In mobile content companies, there is a lack of formal position-based authority as well as lack of belief in this type of authority. As a replacement for external authority, there is a strong emphasis on self-management and the proficiency of others, i.e. professional authority. The use of negotiation rather than delegation as a way of organizing and deciding further supports the lack of authority. Probably linked to this is the fact that in the mobile content companies the positions of owners, managers and employees are somewhat interchangeable, with a single person able to take all three roles, even simultaneously.

Rules are characterised by six tendencies: (3) *specialisation*, (4) *credentialisation*, (8) *disciplinisation* of organizational action, (13) *contractualisation* of organizational relationships, (14) *formalisation of rules* and (15) *standardisation*. In mobile content companies there is a clear lack of rules; instead organizations are informal, unstructured and altogether unorganized (see also Huhtala, 2004; Aula and Oksanen 2000).

Lack of humanity is evident in all the tendencies but particularly in: (7) *legitimisation,* (9) *officialisation* and (10) *impersonalisation* of organizational action. The disempowering implications of bureaucracy are absent in mobile content companies. Instead of loss of communal sentiment there is just the opposite, namely the emergence of the social aspect such as social togetherness, which is illustrated by co-operation and negotiation. As Robertson and Swan (2004: 146) suggest: "co-operation and collaboration are vital components of knowledge work focused on creativity". This seems to be precisely the case in the mobile content industry. Instead of loss of human emotion there are frequent, explicit references to feelings such as satisfaction and joy. These issues are connected to engagement.

In the mobile content industry the company is identified by its employees: in mobile content companies there are good characters instead of the good company men typical of bureaucracies.

CONCLUSIONS

Organizational factors contributing to innovativeness are complex and often also directly influenced by outside pressures. An explicit organizational strategy emphasizing innovativeness, a structure that matches the strategy, the context and size of the organization and a culture that fosters innovative (sub)climate(s) are the key elements that lay the foundation for an organization's ability to innovate. Therefore, in looking at the prerequisites for innovativeness, one needs also to look at some of the organizational level factors that need to be considered when encouraging innovativeness, such as structure. Yet, there are several issues that require further elaboration. Innovation studies typically limit themselves to only a single level of analysis in their design frameworks (e.g. individual or organization). However, individuals are nested in teams, and teams are a part of a larger organization, and we need to understand how for example organizational culture influences individuals' engagement in innovative work behaviours, and how individuals' innovative work behaviours contribute to team performance and ultimately to organizational performance - and what type of structures best support such behaviours.

To end with, we suggest that it would be advisable for companies to look at their organizational structures and evaluate their relevance to their business and in relation to their innovation strategy. Also, more research on the different tendencies of bureaucracy and innovation in large organizations is called for as are examinations of variance in organizational structures and levels of bureaucracy in different industries.

To summarize, this paper provides further evidence that innovative organizations do not organize themselves bureaucratically. We now need research on how, then, do the innovative organizations, particularly the large ones, organize themselves successfully.

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[1] For example, with regard to personality traits, openness to new experiences, independence of judgement, a firm sense of self as creative, and self-confidence have been shown to consistently result in some employees being more creative than others (George and Zhou, 2001; Barron and Harrington, 1981; Georgsdottir and Getz, 2004). Flexibility, which as a personality trait refers to having a preference for change and novelty, has also been associated with creativity in several studies (Georgsdottir and Getz, 2004). For example, successful scientists have been found to be more flexible than less successful ones. Research has repeatedly highlighted the importance of *intrinsic motivation* in creative work. Innovativeness does require a certain level of *internal force* that *pushes* the individual to persevere in the face of challenges inherent in the creative work (Shalley and Gilson, 2004). With respect to abilities, for example above average general intellect, general skills and task-specific knowledge facilitate innovativeness (Barron and Harrington, 1981; Taggar, 2002). Creativity relevant skills can be defined as the ability to think creatively, generate alternatives, engage in divergent thinking or suspend judgement (Shalley and Gilson, 2004). There are certain factors that reside in the individual that are clearly associated with increased likelihood of innovativeness and creativity, though most often in interaction with job and organizational factors. Some of these creativity-prone individuals, depending on their social networks, may also emerge as organizational innovation champions (Jenssen and Jørgensen, 2004).

[2] The professional groups were: 1) sales and marketing, 2) technical people e.g. programmers, 3) graphic designers and musicians, 4) client/customer care.