

IMPLICATIONS OF PRESCRIPTIONS OVER STABILITY AND FLEXIBILITY IN HIGH HAZARD ORGANIZATIONS

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Abstract

Organizational literature recognizes two opposite and contradictory types of organizational structure: bureaucratic and organic. The former is appropriate in more stable environments where control is centralized to provide stability. The latter fits more adequately in dynamic environments where decentralization and flexibility are strongly necessary. Despite this contradiction, in high hazard organizations, an important feature of a resilient organization is its capability to change between stable and flexible modes of performance in unexpected situations. High hazard organizations are intractable systems characterized by unpredictability, fast pace of change and limited comprehensibility, which require flexibility. But at the same time, high hazard organizations exhibit high impact on society that, in response, impose bureaucratic mechanisms of systems control, such as strong formalization of work demonstrated by high dependence of rules and procedures. Grounded in studies of organizational science domain along with well-established safety management literature related to rules and procedures, this study aims to discuss the implications of work formalizations over stability and flexibility. Findings from a multiple case study in the oil and gas industry with drilling and production companies are presented. Results suggest that different work formalizations impose and offer different degrees of control, depending on the type of formalization and its latitude of applicability. Thus, properly designed work formalizations can enable not only a stable mode of performance but also flexible mode to foster resilience. The literature usually views work formalizations as a centralizing mechanism of control. However, from a theoretical point of view, this study supports a duality view, where work formalizations provide decentralized control either.

Keywords: stability; flexibility; prescriptions; centralized control; decentralized control.