**Unit Five**

**The Organization**

**5.1. Organizational structure & design**

Organizational structure is the distribution of power, responsibilities and tasks/strategic plans among the employees/departments to achieve the strategic plans. Organizational design mostly commonly occurred when decisions are made to support an organization’s strategy, to help it cope with environmental uncertainty, to reflect the beliefs and assumptions of those in power, and to support its core technology **Strategy**

An organization’s strategy consists of itslong-range goals and the tactics it uses toreach those goals. Strategic differences inorganizations have a number of implicationsfor organizational issues such as staffing,compensation and reward systems, and performanceappraisals. According to Galbraith(1995), the aspects of organizational structurethat tend to have the greatest impact onstrategy implementation include the level ofspecialization, the shape of the organization,the distribution of power within the organization,and the departmental structure.

**Organizational Size**

As a general rule, organizational design increasesin importance as organizations increasein size. Empirical research has supported therelationship between organizational sizeand structure. Perhaps the best-known researchwas conducted by the Aston researchgroup in Great Britain (Hickson, Pugh, &Pheysey, 1969). These researchers foundthat organizational size, along with majororganizational technology were both associated withorganizational structure. Organizations that were large (as measured by number of employees) tended to exhibit the characteristicsof bureaucracy, or what has also beenlabeled mechanistic organizational structure(Burns & Stalker, 1961). In contrast, smallerorganizations tended to resemble characteristics of humanistic organizations, or whathas been labeled organic organizationalstructure. Larger organizations gravitate towardmore bureaucratic designs because this helpsthem cope with the complexities that are inevitablewhen large numbers of people areinvolved. For example, having free-flowingcommunication in a large organization couldpotentially lead to information overload and,ultimately, chaos.

**5.2. Organizational culture**

**Organizational or corporate culture** is the system of shared actions, values, andbeliefs that develops within an organization and guides the behavior of its members.In the business setting, this system is often referred to as the *corporate**culture.* Just as no two individual personalities are the same, no two organizationalcultures are identical. Most significantly, management scholars and consultants increasinglybelieve that cultural differences can have a major impact on the performanceof organizations and the quality of work life experienced by their members.

**FUNCTIONS AND COMPONENTS OF ORGANIZATIONAL CULTURE**

Through their collective experience, members of an organization solve two extremelyimportant survival issues. The first is the question of external adaptation:What precisely needs to be accomplished, and how can it be done? Thesecond is the question of internal integration: How do members resolve the dailyproblems associated with living and working together?

**External Adaptation;** *external adaptation*involves reaching goals and dealingwith outsiders. The issues concerned are tasks to be accomplished, methodsused to achieve the goals, and methods of coping with success and failure. Through their shared experiences, members may develop common viewsthat help guide their day-to-day activities. Organizational members need toknow the real mission of the organization, not just the pronouncements to keyconstituencies, such as stockholders. Members will naturally develop an understandingof how they contribute to the mission via interaction. External adaptation involves answering important instrumental orgoal-related questions concerning coping with reality: What is the real mission?How do we contribute? What are our goals? How do we reach our goals? Whatexternal forces are important? How do we measure results? What do we do ifspecific targets are not met? How do we tell others how good we are? When dowe quit?

**Internal Integration;** The corporate culture also provides answers to theproblems of internal integration. *Internal integration* deals with the creation of acollective identity and with finding ways of matching methods of working andliving together.The process of internal integration often begins with the establishment of aunique identity; that is, each collection of individuals and each subculture withinthe organization develops some type of unique definition of itself. Through dialogueand interaction, members begin to characterize their world. They may seeit as malleable or fixed, filled with opportunity or threatening. Real progress towardinnovation can begin when group members collectively believe that theycan change important parts of the world around them and that what appears tobe a threat is actually an opportunity for change.

Three important aspects of working together are (1) deciding who is a memberand who is not; (2) developing an informal understanding of acceptable and unacceptable behavior; and (3) separating friends from enemies. Effective totalquality management holds that subgroups in the organization need to view theirimmediate supervisors as members of the group who are expected to representthem to friendly higher managers.To work together effectively, individuals need to decide collectively how toallocate power, status, and authority. They need to establish a shared understandingof who will get rewards and sanctions for specific types of actions. Toooften, managers fail to recognize these important aspects of internal integration.For example, a manager may fail to explain the basis for a promotion and toshow why this reward, the status associated with it, and the power given to thenewly promoted individual are consistent with commonly shared beliefs.In sum, internal integration involves answers to important questions associatedwith living together. What is our unique identity? How do we view theworld? Who is a member? How do we allocate power, status, and authority? Howdo we communicate? What is the basis for friendship? Answering these questionsis important to organizational members because the organization is more than aplace to work; it is a place where individuals spend much of their adult life.

**DOMINANT CULTURE, SUBCULTURES, AND COUNTERCULTURES**

**Subcultures** are uniquepatterns of values andphilosophies within a groupthat are consistent with thedominant culture of thelarger organization or social system.

**Countercultures** are thepatterns of values andphilosophies that outwardlyreject those of the larger organizationor social system.

**5.3. Organizational change & development**

Organizational development is the process of promotingpositive, humanistically oriented, large-system change. Byhumanistic it means that the change is “about improvingthe conditions of people’s lives in organizations.” Beer and Nohria (2000) included organizational developmentwithin the category of capacity-building interventions in organizations,not as primarily economically oriented.This shift in emphasis locates organizational developmentwithin the context of multiple types of organizational changeefforts (Van de Ven & Poole, 1995). It cannot be discussedentirely separately from types of change that, at first glance,seem far removed from its emphases. However, there are stillimportant distinctions between the practice knowledge andacademic knowledge of organizational development andother types of planned change.Driven by new technologies, particularlythe Internet, the organization is undergoing a radicaltransformation that is nothing less than a new Industrial Revolution (Byrne, 2000a; Colvin, 2000). The twenty-first-century organizationsthat emerge will, in many ways, be the polar oppositeof the organizations that helped shape them.Many factors are driving change, but none is more important than the rise of Internet technologies.

**Organizational change Process Theories**

Van de Ven and Poole (1995) identified four ideal types of change theories. They labeled them as life cycle, evolution, dialectic, and teleology and located organizational development primarily within the teleological framework. These four types are distinguished by their underlying generative mechanisms, or change *motors.* Van de Ven and Poole suggested that most change theories can be understood within one motor or in a combination of motors.

***The Teleological Motor***

The teleological motor describes organizational change as theresult of purposeful social construction by organization members. The motor of development is a cycle of goal formation,implementation, evaluation, and modification. Organizationalchange is goal driven; impetus for change emerges when actorsperceive that their current actions are not enabling them toattain their goals, and the focus is on processes that enablepurposeful activity toward the goals. Teleologicalchange theories include;

**Strategic Change:** planned change triggered by goal orientedmanagers can trigger change in both an organization and its environment.

**Cognitive Framing Theories:** managerial efforts to communicate a planned change built cognitive consensus, whichfurther enabled the change.

**Momentum theory**

Momentum is a teleologicaltheory. The force that keeps a change moving is goal drivenand purposeful. Jansen found that change-based momentum,defined as the perception of the overall energy associatedwith pursuing some end state, fluctuated in a systematic waythroughout a change process.

**Theories of Innovation**

Glynn proposed a theoretical framework for how individual intelligence combines withorganizational intelligence to generate creative ideas. Theseideas are then implemented provided that certain enablingconditions (adequate resources and support, incentives andinducements) are present.

**Punctuated Equilibrium**

This framework provides thebasis for recent theories of strategic redirection (Doz & Prahalad, 1987), transformation (Laughlin, 1991), punctuated equilibrium (Tushman & Romanelli, 1985), and change archetypes (Greenwood & Hinings, 1993). During reorientationslarge and important parts of the organization—strategy,structure, control systems, and sometimes basic beliefs andvalues—change almost simultaneously in a way that leads tovery different organizational emphases.

**Communicative Change Theories**

Significant organizational change typically requires new organizationallanguage that results from the conversational dialectic(Barrett, Thomas, & Hocevar, 1995) and that realignsdiscordant narratives and images (Faber, 1998).

**5.4. Management and organizational issues**

In all organizations, managers perform jobsthat involve directly supporting the work efforts of others. Being a manager is aunique challenge that carries distinct performance responsibilities. Managers helpother people get important things done in timely, high-quality, and personally satisfyingways. In the new workplace, this is accomplished more through “helping”and “supporting” than through traditional notions of “directing” and “controlling.”Indeed, the word “manager” is increasingly being linked in the new workplace toroles described by such titles as “coordinator,” “coach,” or “team leader.”

**THE MANAGEMENT PROCESS**

An *effective manager* is one whose organizational unit, group, or team consistentlyachieves its goals while members remain capable, committed, and enthusiastic.This definition focuses attention on two key results. The first is *task performance*—the quality and quantity of the work produced or the services providedby the work unit as a whole. The second is *job satisfaction*—how people feelabout their work and the work setting. Just as a valuable machine should not beallowed to break down for lack of proper maintenance, the valuable contributionsof the human resource should never be lost for lack of proper care. Accordingly,OP directs a manager’s attention to such matters as job satisfaction,job involvement, and organizational commitment, as well as measures of actualtask performance.

**There are four *functions of management***

**Planning**—Defining goals, setting specific performance objectives, and identify

the actions needed to achieve them.

**Organizing**—Creating work structures and systems, and arranging resources

to accomplish goals and objectives.

**Leading**—Instilling enthusiasm by communicating with others, motivating

them to work hard, and maintaining good interpersonal relations.

**Controlling**—Ensuring that things go well by monitoring performance and

taking corrective action as necessary.