KEY CONCEPTS OF ORGANIZATIONAL DESIGN

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In this document the author provides research into the nature and value of organizational designs. The choices resulting from this pertinent first decision can be viewed as a stream of reactions or a systematic process of events all linked by the one choice by founders to design in a particular way. Comparisons between smaller organizations which require less people and resources and more complex systems needing several divisions are made. The author sources the origins of the individual employee role back to the organizational design through analysis of functions, divisions, departments and the capacity to be self-sufficient. This self-sufficiency has been shown to be correlated to the complexity or simplicity of the organizational design. Touching upon the improvement in technology, the author also penetrates into the changes made in today's global economy by explaining the ways people do business, the threats smaller organizations pose to once-invincible corporations, and how technology has created an integrative world of business whether organizations want to accept the reality or refuse it.

Importance of Organizational Design Choices

Organizations are formed for the purpose of fulfilling a goal. An individual can aspire to the same goal and may find success. Often, goals that are larger and wider in scope require more resources and operations than any one individual can accomplish. Consequently, human, financial and operational resources become a necessity to accomplish this goal. The nature of the organization can provide insights into the types of decisions ought to be made regarding organizational designs. A new organization may start with a few members. The leaders tend to be the pioneers of the initiative. A small volume of resources may be needed at this level to deliver the product or service and to manage the daily operations. Financial operations may be minute; they may be small enough to be managed by the founding members alone. As the

organization grows, however, an increasing need to distribute responsibilities develops. Increased business volume expands the types of services and products offered. Financial profitability becomes a measure of success and an increasing value to be managed with more detailed analysis. The founding members realize their contributions to the organization will not be sufficient to run the business successfully at this level. According to Jones, a process of differentiation is needed to effectively handle organizational growth. Through this process, the organization "allocates people and resources to organizational tasks and establishes the task and authority relationships that allow the organization to achieve its goals" (Jones, 2004, p. 95). Work responsibilities are divided in such a way as to make clear distinctions in who performs particular tasks. This labor division allows members such as founders and high-level executives to focus on more strategic objectives; their efforts can be applied to moving the direction of the organization while other members are tasked with different priorities.

The selection of a particular organizational design can determine the success or failure of the venture. Without accurate analysis, the organizational structure can conflict with the type of market a business moves into. Divisions of labor must be suitable to meet the needs of the consumer, who ultimately determine the success and failure of the business. Organizational design's value is in the capacity to direct how allocation of resources will take place.

<div align="center">Organizational Structures</div>

Simple organizational structures demand a need of resources much smaller than a larger. Jones states, "one person or a few people perform all organizational tasks, so there are few problems with coordinating who does what, for whom, and when" (Jones, 2004, p. 96). As a result of this smaller need, the process of differentiation is lower. In this scenario, founders could very well be capable of handling operational, financial and strategic responsibilities without

feeling energetically taxed. Business success could be achieved and growth manageable if the members decide to stimulate growth in ways that do not increase physical size.

To present a clearer presentation of how these responsibilities are allocated, organizational roles are specifically defined. They provide a "set of task-related behaviors required of a person by his or her position in an organization" (Jones, 2004, p. 98). The strength in presenting roles in an organization is the capacity for accountability. Because a particular employee has been assigned a specific task, that person has become solely responsible for the outcome of the task. When the task has been completed successfully, there is accountability of success, and when the task has been stifled incomplete, there is accountability of setbacks and/or failure. These roles can be perceived as the smallest level in the map of organizational design. The role is the subset of the function which defines a set of people in possession of connecting knowledge and capacities. The function becomes the focus of the total resources in that department. The division expands the functionality of a department by defining the "collection of functions or departments that share responsibility for producing a particular good or service" (Jones, 2004, p. 99). Larger, more complex organizations may have several divisions in several locations within a country. Each division can potentially become its own self-sufficient organization, possessing many departments which interact with each other, exchange resources, people and information and accomplish goals. These three areas, the role, function and division are all determined by the structure of the organization.

<div align="center">Strategy, Structure, and Process in Organizations</div>

Strategy culminates the grand vision of the organization. Chief executives and other high-level executives with decision-making influence envision strategies as final maps; these designs include the way the organization should be in its final state or once a goal is accomplished.

Ideally, the strategy would be formed and before any practical decisions are made. Only when the end could be perceived would designs be created and implemented, each supporting the larger strategy in tactical ways.

Organizations in today's business world focus heavily on integration to coordinate "various tasks, functions, and divisions so that they work together, not at cross purposes" (Jones, 2004, p. 104). Advances in technology prompted this response; in many cases, the use of technology enhanced the way organizations conducted business. Whereas a few years ago companies would invest heavy resources to reach outside of its country's border to appeal to an international market, nearly any business of any size can now tap global markets through the use of technology. Mega-corporations now compete with each other and the smaller, subtler and fast-adapting small business not ranked on the S&P or Stock Exchange. The application of integration has been an inevitable result of technology being able to connect people from all over the world. A powerful integrating function has been the use of teams. Defined as a "permanent task force or committee" (Jones, 2004, p. 105), groups formed are brought together for the purposes of accomplishing a particular goal. The difference between the comparative task force and the team is the length of time of its existence; task forces are integrative but temporary. They may be assigned to achieve a goal and then disperse once done. Teams remain integrated much longer.

The liaison as an integrative role works to coordinate various departments' activities. It can potentially be considered an integrating role "established specifically to improve communication between divisions" (Jones, 2004, p. 107). This method provides mitigation against departments working within the experience of the silo; all information and decisions being made within the experience of the singular department, discounting resources and

contributions of everyone else. The liaison connects departments by sharing information, conflicts and progress to keep all parties involved updated.

<div align="center">Organizational Design and Decision-Making Processes</div>

The hierarchy of authority determines the mechanical structure of the organization's decision-making processes and how employees are expected to respond to situations. Comparative structures include centralization and decentralization. Often, information is gathered at the lower levels of the organization. This information builds as it rises to the higher levels and then reaches final decision makers. These executives provide the rest of the organization with the last authority on matters. This centralized approach ensures the authority is "retained by managers at the top of the hierarchy" (Jones, 2004, p. 109). Rather than decisions being made at the bottom, high-level members of the organization disseminate directives from their positions. Ideally, this process works to ensure the organization remains focused on its objectives and takes the proper steps towards its strategy. Hindrances can come about, however, when these decisions become less of a strategic nature and more tactical. The use of decision making power may overstep its balance when it begins to make decisions for daily responsibilities. Focus begins to move into areas lower managers and non-managerial staff can handle without such oversight. This becomes micromanaging. In this event, the decentralized decision-making structure is deemed essential. In this process, "the authority to make important decisions about organizational resources and to initiate new projects is delegated to managers at all levels in the hierarchy" (Jones, 2004, p. 109). The use of several managers to provide authoritarian responsibilities spreads the focus high-level managers utilized themselves. They can return to strategy and direction setting while the other managers handle the previous

responsibilities. Delegation to all levels implies the use of managers without discrimination or overloading of power. Flexibility is the ultimate cure in the decentralized process.

The decisions employees make throughout the day are influenced by the workplace societal norms, rules and expectations. Methods of standardization provide "conformity to specific models or examples-defined by sets of rules and norms-that are considered proper in a given situation" (Jones, 2004, 112). In the area of compliance, for example, there are many standard procedures an employee must follow because they are standards mandated either by a larger organizational body such as the government, or by the working organization itself. These rules are maintained with a zero-tolerance for abuse or violation. These elements combine in a workplace with decision making resulting from mutual adjustment, or the process "people use their judgment rather than standardized rules to address problems, guide decision making, and promote coordination" (Jones, 2004, p. 112). This independent action stems from one's personal qualities, knowledge and ability to mobilize in the given situation without the instruction of a superior. All of these variables are contained and blended within the mental state of the employee, who ultimately has to produce a response. There is no room for inaction.

Within the mechanistic structure, the same individual facing a new situation may find difficulty in reacting because the variables do not match with the predictable ways previous situations developed. In this case, an organically structured approach would offer superior action, supporting "flexibility, so people initiate change and can adapt quickly to changing conditions" (Jones, 2004, p. 116). The organic structure motivates members in the organization to stimulate change through their own actions. They can become examples by pioneering ideas and best practices.

Conclusion

Research into the structures of organizations and how they are designed provided the author with valuable information into the application of his own work environment. As an employee, one is encouraged to research their own environments to understand the span of control, mechanistic and organic structures, and the expectations that formally and informally influence day-to-day decisions. The author has shown how organizations can and ought to value the very important decision of designing the organization, because it sets the strategic stage for how the rest of the organization is created. From the number of employees to standardized rules, roles and responsibilities, the initial design of the organization can reap success or failure within its desired market.

References

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