Designing Work Organization
Prof. (Dr.) Santosh Rangnekar
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture-1
Introduction to Organization Design

In this particular course of designing of work organization, it is a very important course in which in first session we will talk about that is the how the organizations are to be designed. Now there are the number of types of organizations, some of the organizations are the manufacturing organizations, some are the service organizations, some are the small, medium and large enterprises are there. Some of the organizations department wise there is a different requirement for example, if it is a manufacturing organization is there that the production designing of the production department will be different. If there is the any shops or establishments are there, then there is also an organization and then there will be a designing will be there. So how to beautifully design and articulate your organization, this particular course will be discussing about these things. So first we will try to understand that what is the organization, how the design the organization, what is the meaning of the organizational design, what factors or dimensions are to be considered, then we have to also see the other interacting structural dimensions of the designing and the contingency factors, organizations, theories are also applicable.

Nowadays you see earlier there was a gap between the theory and the practice, but nowadays it has been observed that is the whatever the theories are designed they are very useful practically also. Because the theories themselves are designed on the basis of the survey, on the basis of the interviews, on the basis of the data collection, data analysis, findings. So these theories are very useful and you should be aware about these theories, what are the different theories are there which are helping in designing the work organizations are there. But as period changes, so therefore we will also talk about the current issues and the current challenges for the organizations for the designing, then the as usual you know that is in my every course I take the help of the case study, research papers, book recommendations and then the references will be there from where this particular content has been taken.

So that will help you to study more about this particular subject. When we talk about the what is organization, so the concept of whole and concrete organization has become vague and abstract and today the organization are scattered amongst several locations. Now we talk about the global organizations and we talk about the local organizations also. So even around the world the organizations are defined. So there are the certain social entities that are goal oriented.

The one thing which I would like to talk about that is about the social enterprises right. So therefore in that case one thing is very sure that is whether it is the manufacturing service large, small, medium whatever it is there the organizations they are goal oriented. They exist within a society with the discontinual boundaries around them where the people and the resources coordinate to collectively accomplish desired goals are there. So every organization is best for a particular vision or the missions and that is why you find in many organization the first website page that is about the vision of the organization what is the mission of the organization. These organizations are designed as deliberately structured.

It is not like this that is the just people have joined and there is a group of the people no, no there has been a proper HR manual and in HR manual there are the positions. What is the HR manual? HR manual talks about organization structure that is number of people, how many people will be there in the organization, how many departments will be there in one position, how many people will be working. So therefore in that case it is totally structured and coordinated activity system is there. Managers deliberately structure and this there is a coordination is required. If you refer my earlier other lectures so then you will find that is I talked about always the synergy and coordination and whenever we are talking about the synergy and coordination we talk about that is the how these people are enabling people those who are creating this type of these organization structures with the coordination is there.

So link to the external environment is there. So there has to be the goal oriented, there should be deliberately structured, properly coordination is there among the different departments and sections to achieve the organization's goal linked to the external environment and due to the rapid change in the external environment boundaries between the departments as well as between the organizations are becoming more flexible and diffuses there. For the sustainability of any organization it is very necessary that is they are flexible. So when we talk about the pre-COVID structure, COVID structure, post-COVID structure emerging term structures. So therefore if organization is flexibly designed then it will be more responsive to the environment is there and it is must.

The organization should have the responses to the external environmental factors. So we will try to understand that is what is the organization is there. So Louis A. Allen has defined this particular definition. Organization is a process of identifying and grouping the work right.

I will give the examples also further in the organization structures that is what is it is

called the identifying and grouping the work but those who are experienced and working the organization they know there are the list of the activities. Normally in management we talk about finance, marketing, HR, operations, IT. So these are the identifying and grouping the activities. So suppose the HR group is there. So then the HR department is there and that will be the grouping will be there and they will be performed the HR functions will be there.

Now each position will be defined in delegating the responsibility. In the basic principles of management I have talked about that is in earlier sessions of the different courses that is a defining and delegating the responsibility and accountability. And every organization structure when creates a position that position the person who is working on that position is accountable and responsible. Similarly he is having certain rights and certain duties, certain power and establishing the relationship for the purpose of enabling people to work most effectively together in accomplish the objectives are there. So all these grouping people they are working together and then they are making this particular type of this the activities are there.

So importance of the organization is that that is why with the organization should go for this type of the activities bring together resources to achieve the goals. Basically management is the maximization of resources from the minimum resources and getting the maximum output is there. And therefore in that case when we talk about that is the organization then the organization has to be making ensure that is the they are going for this particular aspect of the making these group activities that these are working together is there to achieve the goal. Produce the goods and services efficiently. What is the management? Management is the efficiency and effectiveness and therefore in that case it becomes very important that is the we are producing those services and productions very efficiently and effectively is there and that is why we facilitate the innovations are there.

We use the modern manufacturing and information technologies and nowadays when we are talking about that is the AI, IoT, so therefore machine learning. So therefore in this case you will find that is we are having the modern and manufacturing information technologies. Here I would like to give the example of the two industries, one is the Maruti other is the Hyundai. I got in recently in few years to visit the both the organizations one is in India in Manesar and other is into the Korea. And there I have observed that is these information technologies use of modern technologies has made a lot of difference.

The manpower in Maruti in Manesar in India was much more as compared to the Hyundai plant in the Korea is concerned. So therefore in that case the challenge is that is

you are supposed to use the more and more modern technologies. If you are using the more and more modern technologies your organization structure will change, add up to an influence a changing environment as I was talking about. Environment is a social, political, economical, legal and technological this is called the SPELT approach S P E L T social, political, economical, legal and technological. So these environments keep on changing and when we talk about this the changing environment is there that is about the may be the social changes are there like in the case of the COVID it is affected the social changes also or when you are talking about the artificial intelligence machine learning.

So that is the technological changes are there. So your organization structure will change your requirement of manpower will change and you will use the less and less manpower and then you have to go for the more and more technology. But it does not mean that is the it will affect your business and with the less manpower no I would like to use another example of the State Bank of India. State Bank of India has used these computer much early in the 78s, 79s if I am not wrong in those period near around those period and then you will find that is the today the it is having its access to the lakhs of the millions of the people and that is why because of the making the converting the manual to the technology internet banking, internet banking to the mobile banking nowadays it is working. So it is a response, response to the changing environment but manpower has increased, the access is increased, the business is increased and therefore the changes when you adopt the changes you expand your business.

Here the importance of organizations is there. So these all points that is the bringing togetherness, produce goods efficiently and all this is diagrammatically represented what has been mentioned into this particular slide so this is there. In diagrammatic representation was necessary to show the coordination. So all are connected and they are connected with the organization's existence in the center you find it is written the organization existence is there and therefore in that case we talk about that is the all these activities of the organizing a design is for what that is the sustainability and growth of the organization is there. Now we come to the from the organization to the organization design.

So what is the organization design is there? So organization design refers to the process of coordinating the structure elements of the organization in most appropriate manner. Now what you have done? You have done the grouping of the people but the grouping of people then there should be the hierarchy who will be at the top, who will be at the bottom, who will be at the middle level, what will be the designation, what will be the authority, what will be the rights, what will be the power, what will be the responsibility. So therefore organizing design is a process by shaping the way. So here you find that is the there are these 11 persons are there and one is at the top level and other is at the

bottom level. So therefore in that case you will find that is the when we talk about this particular   structure it has become very important that is the we are going for this particular aspect of how this number of people they are going to be the reporting to each other   is   there   and   it   is   a   first   point.

That is the organization design where the shaping is done. So at the top there is a one, then the three and there are the seven people are there. Now you can you change this? Yes you can say that is the sir in my organization because there is a different requirement and therefore in that case it will not be. So top naturally they will be the one, but in spite of the three in the second layer you can have the two or you can have the one and there is a need of the and that what is called shaping. You are shaping your organization, you are designing your organization is there and therefore it involves the many different aspects of the life at works including the team formations, the shape patterns, lines of reporting, decision making procedures, communication channels   and many more.

So organization design and redesign can help any type of organization to achieve the goals are there. Now here when we are talking about this particular designing of organization the organization   design must be right for it is the operate efficiently. Ultimately what the management wants? Management wants that whatever the job functions or the operations are to be done they are supposed to be done very efficiently and effectively and that is why the structures are created which I mentioned that is but what is your role? Your role is to align with it is the core strategies are there. Whatever the core strategies are there you align with that. So benefits if the design suits the business,   it   is   people   and   environment   of   the   organization   is   there.

Here you will find that is the increase the efficiency, faster and more effective decision making is there, improve the quality of goods and services, higher profits, returns, ROI whatever your investment is making you will be getting the higher return on investment because your organization is a systematic organization right. Better consumer relations, safer working conditions and the happier, healthier and motivated workforce is there. For every organization the happiness index that is to be very large and that happiness index can be done when you are having the systematic working culture system in your organization and that can be done with the help of the designing the proper organization structure. So, greater preparedness and the future challenges you can make. So therefore, if you understand that how the demand is increasing, how the demand is decreasing, how what   will   be   the   supply   pattern,   what   will   be   the   manpower   supply.

So therefore, in that case you will be looking to the future challenges you will plan your the organization design is there. Now what are the problems if the designs have flaws? If you do not design, suppose you say no sir I do not want to design my organization, my

organization is working very cordially, anybody can do any job, anybody can say to anyone there is no hierarchy, there is no proper and all are together and working togetherness and this type of, but this will create certain issues. For example, ineffective problem solving. Now when nobody is responsible because you are not designed the organization, so nobody is responsible, everybody is responsible, but nobody is responsible.   So   therefore,   ineffective   problem   solving.

  Problem will not be solved. You have to be very particular about this thing that you are at this position and you have to solve this problem is related to the your operations, your functions, your functional area and then you have to solve this. Then the wasted times is there, unnecessary that who will solve the problem, what will be the time, so that time will be wasted. If you do not design the organization, lack of coordination will be there of the different parts of the business, inconsistent quality of work will be there, failures of the legal compliance will be there because nobody is aware about those laws. Simple example I would like to give about the factories act or the legal code nowadays. So whenever if you have to imply the legal code in your organization and there is no person who is responsible for this, for the as a labor officer, I have worked for the 6 years as a labor officer and therefore, I was responsible for this legal compliance in the textile industry.

  So then in that case you will find that is this, in that case if there is no, a person is not responsible, he will not aware about the laws, if not aware about the laws, how he will make the compliances, so this problem will arise. Then the reputational damage is there. So whenever we are talking about the reputational damage, then in that case organization because they are not able to deliver in time, reputation will affected. Then employees who are working, they will not fill the OCB, organizational citizenship behavior. So low moral will be there, they will not say I belong to this, like we say that we belong to IIT.

  So therefore, it is creating the very high moral, that is what organization you are belonging to. We are celebrating the 175th years of the our institute's establishment. So therefore, the morals are very high, but if you do not design the organizations, you do not have the structure, low moral. And as a result of which the people they will leave the organization very soon, they will not like to continue in your organization. Then the below target business level results will be there and whatever you are planning to get the results, the business results and then you will get the below target results will be there.

  So what factors are to be considered to design the organization? First is the structural dimension, that is the most important. That is a formalizer structure, like I have given the example who will be at the top, who will be at the bottom, formalization is there. Specialization is there, finance, marketing, HR, operations, IT, whatever is your

department's nature is there. So then a production, whatever is there, so specialization is to be there. Then create a clear cut hierarchy of authority.

However, I have talked in the management also on earlier subjects on the same platform of NPTEL, where I have talked about management, the scalar chain of, Fayols' principles of management. So hierarchy of authority is to be there. So you can have the tall structure, you can have the flat structure. We will talk about these organization structures also in this organization design. And therefore, in that case, you will find that is the when we are talking about the hierarchy of authority, then what type of the authority you are having, then the centralization and the professionalism is there.

So authority has to be centralized, somewhere somebody is accountable, professionalism is there, everybody is understanding his role and responsibility and personal ratios are there that is the to one person, how many persons will be responding, that is called the span of management. When we talk about the span of management, then we talk about that is the how you are going to make this particular conversion of this professionalism among the employees are there and the like for the one boss, there has to be the six persons. So 6 to 5 to 8 are the normally is suggested in the management books, subordination for the one person is there. Next is the contextual dimensions, that is what will be the size, organizational technologies, environment, what will be the environment is there, goals and strategies will be there, culture will be there. So all will be decided that is the organization culture.

Now here when you are making the organization design, you are giving a message, message to your employees that is what type of the culture is existing into the organization is there. Here we will talk about the interacting structural dimensions of the design and the contingency factors are there. So goals and strategies are there, then environment and size is there, culture that is the formalization, specialization and the technology is there. So goals, strategies, environment, size, technology, culture, all these dimensions which you have to take into the consideration while designing the organization structure is there. This is a sample of organization chart which you can refer and here you can find that is the how the hierarchies are developed.

For example, from the board of directors, executives, committees, this is just an example and as I mentioned every organization has freedom that is how to design it is the organization structure is there and it will be going up to the junior level also. So therefore, it is very clear that and normally this is the responsibility of the HR department. HR department is supposed to create this organization structure is there. Now we will talk about the theoretical aspect, the theories which support this particular concept. So an organization theory involves the set of the concept and constructs that are related to

the each other and explain how individuals behave in social units we call organizations.

Every concept is supported by a theory. That theory is to be tested in a given environment and culture. So my PhD scholars what they do, they take a theory and then on basis of that theory they proceed their research problem and then they make these analysis of this data and then they suggest whether the theory is confirmed or theory requires certain extension in this particular set of the sample and therefore, certain more structural dimensions that might be included. So, organization theory concerns understanding how groups of individual behave which may differ from the behavior of an individual is there. So organization theory helps us explain what happened in the past as well as what may happen in the future, so that we can manage organizations more effectively is there. Organization theory concepts apply to all types of organization in all industries.

So organization theory and designs draw lessons from organization such as the example is the lifebuoy by Walt Disney and United Way is there. So today many companies are facing the need to transform themselves into different organizations because of the new challenges in the environment is there. So current changes for organizations research into the number of organization provides the knowledge base to make the organizations more effective is there. The challenges of the organizations are globalization, intense competition, ethics and social responsibility, speed and responsiveness, the digital workplace and the diversity is there. Now we will take one by one challenge like the globalization   is   there.

So in the case of the globalization, less restricted flow of capital, people, technology, goods and services and the instant and the rapid modes of the communication is there. And therefore, in their care, the world has become smaller for the today's organization. So markets technologies and the organizations are increasing the getting the interconnected global outsourcing strategies pertaining with the foreign firms and the cross border acquisitions have become vital for many organization success. HR role here is to understand these changes and the search for the competent managers with a strong international experiences and the ability to move easily between the cultures is there.

The intense competition is there. Now the global competitiveness creates the more and more these the competitions. So global your interdependence creates a new advantages, but it also means that the environment for companies is being extremely competitive. Global interdependence has forced the companies to drive down cost and keep prices low. But at the same time, invest in the R&D also. Customers went low prices for quality goods and services and the companies that can meet this demand in in well.

Ethics and responsibilities are there. So managers today face the tremendous pressure from the government and the public to hold their organization and employees to high ethical and professional standards. People are also demanding stronger commitments to the social responsibility, particularly protecting the natural environment. Going green has become a new business imperative and many organizations are embracing the philosophy of sustainable growth is there. Another is the speed of responsiveness. As we I have talked in the beginning that is organizations are to be responsive to the external   environment,   but   how   active   you   are,   how   speedy   you   are.

So responding that quickly and this is surely to environment changes, organizational crisis are shifting the customer expectations has become a significant challenge is there. So considering the turmoil and flux inherent in today's world, the mindset needed by the organization's leaders is to expect the unexpected and be prepared for the rapid change and the potential crisis. Crisis management has moved to the forefront in the light of the devastating the natural disasters and the terrorist attacks on over the world is there. The digital workplace. So digital revolution has changed not just how we communicate in and share information, but also how organizations are designed and manage how business   operates   and   the   how   employees   do   their   jobs   are   there.

Another very important aspect is that is a diversity, especially the workforce diversity is there. So national demographics are changing to global playing field. So therefore in that case, it has become very important that is these people are migrating from one place to another and they are having the demographic challenges, strong corporate cultures are required to keep varying culture style and lead together in an organization is there. Here, I would like to explain with the help of this particular case study. So Larry Wells, a successful businessman and a good negotiator had acquired a major retailer after the seeing   the   good   business   potential   in   it.

Through the excellent managing skills and the hard work, he could use all his experience of the business and start a profitable venture. When the business grows, he employed more and more staff to keep up with the demands at the workplace is there. However, he used the manage that is the operations of the business in a confidential manner. Larry being the manager and the owner of the company kept all the designing and the numbers close to its chest. All the managers and even the directors were aware about   his   hesitation   as   sharing   the   detail   about   the   business   is   there.

Despite request from the staff to trust them with the decisions and details, he would not diverge details is there. Now, you see this is a particular style, a particular style of the working of the top management is there and because of the lack of autonomy among

managers of the different departments, there were many areas on which they could not take timely decisions because they were not aware. He was not sharing the information with them and as a result of which he was not able to get that particular decision and hard to wait for the Larry to give them his the attention is there. As business was expanding, the process of working made Larry lag behind all his competitors soon because lack of this information, there was a lack in the decision making process and if there is a lack in the decision making process, it has to affect the business and slowly and slowly what happened?   It is the organizations was lagging behind from all his competitors. All important decisions were put on hold all the and he could spare time for it.

Now, therefore, unless and until he will not look into the matter, no decision will come and they were the pilots of the files, they were the pilots of the issues because he was not able to spare the time and therefore, many decisions could not take on which is affected the operations at the workplace. So, this method of pulling all the string himself had ensured high quality of output in the initial stages. However, dealing with the every situation personally was the desirous time management was there. So, therefore, in that case,   the   he   was   not   able   to   manage.

So, as a business was expanding and then he was not giving the time. So, that is affected the business is there. The clients who had given the more business to Larry's company after being impressed by the quality of output seen during the company's initial years, then begin the looking for the faster and more efficient service providers. Now, what was happening? Clients they were moving towards the competitors because the clients were not getting the response timely. And as a result of which they will go they will make sure that is they are moving towards the here and there. Ultimately, Larry's company was sold out by the onto another big organization and never realizing the full potential   had   in   his   initial   years.

So, therefore, in that case, it was the big organizations realizing the full potentials and which was having the high potential in the beginning later on could not get that response from the market. Question is, what do you think was the actual problem for the moving the customer from Wells company to his competitors is there. I am sure from the my above sessions you have must have understood that is the Larry was required to create a design the organization structure is there. So, these are the characteristics of the three organizations, the Ternary Software, Walmart and the state arts agency is there and the strong hierarchy of authority is there, specialization   is there, formalization and centralization is there. So, this example talks about that is the how you will find that is the efficiency is   there with the people with those who are having hierarchy, specialization,   formalization   and   the   centralization   is   there.

Efficiency, effectiveness and the stakeholders approach and that is becoming a very, very important aspect is there. More you are having the stakeholders approach interest sometimes create the so, therefore, in that case whenever there is any dispute suppose, conflict making difficult organization to satisfy all the groups is there. In all organizations managers have to evaluate stakeholders concern and establish is there. So, major stakeholder groups and what they expect is that is employees, customer, owners, suppliers, community and you will find that they are having the different demands are there and by the creating the organization structure you are finalizing that particular demand is there. So, therefore, in the business something is to be changed either inside or outside of the business, you are the new strategies or goals, the current design no longer works and therefore, you have to be responsive to the environment and you are supposed to make the changes and this is the research paper which talks about that is how organization design has become a never ending and the profiting metaphors and methods.

Researchers are understandably confused by the advice that comes if then by the way of writers and trainers and consultants regarding the organization design approaches is there. In this paper, it has been talked about the restructuring, reengineering and rethinking that is how organization units they are having the solutions, they are process solutions and they are having the organization cognitions is there. So, restructuring is very important as in we have seen in this particular case study also that Larry is required to restructure the organization and design the organization is there. This paper also has emphasized on that is the how does this rethinking means the re-conceptualizing design in a manner that incorporates organization identity or the character who we are and what we stand for. So, organization purpose are considered for those benefits we exist and organization methods are the capabilities how satisfy the customer consumers are there.

In this particular research paper, it also talks about the reengineering, it has talked about the rethinking, reengineering and concluded that that is it is very important that is whenever you are having the redesigning the organization consider all cost reduction alternatives front and load any sizable layoffs. They find out their leverage is human development, create and reward the shared wins, identify and integrate the multiple perspectives and take time out to reflect is there. So, with this particular paper I am sure will help you to understand that is the how the organizations can make the rethinking, redesigning of and reengineering of their organizations and here one more advice is this that is like this research papers you will find the number of research papers maybe from these the ABDC listed journals is there Q1, Q2 or the SGR is there different databases are there where this type of the research papers are there which have done the research on designing of the work organization please refer those research papers and that will be

helping you. The book which has been suggested for this particular course is organization theory and design by the Richard L. Daft is there and these are the table of contents of this particular book and then you will find that is these are the references as taken for this particular lecture I am sure this is given you an understanding what is an organization and what is the organization design. Thank you.