

Designing Work Organization
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Lecture-2
Evolution of Organization Theory and Design

In the previous session, we have talked about that is the what is the organization, what is the organization and what is the organization design is there. Now, in this session, we will talk about that organization theory and design which I have introduced in the previous session also. We will go in the detailing about this the historical perspectives and the bureaucracy is be flexible, key contingencies for design, organizational configuration, Mintzberg's organization parts, Mintzberg's five organization types, case study research papers, book recommendations and the references are there. Now, here when we are talking about the organization theory and design, the organization theory is not a collection of facts. We have to understand what is a theory is. So, theory is not only basis of that whatever has been the facts have been collected and there are those facts have been put in the form of a theory.

Rather, it is a way of thinking about the organizations and how people and resources are organized to accomplish a specific purpose is there. So, whole objective and the perspective is to accomplish a specific organizational goal, but the theory suggest us that is the how people and resources are to be organized. Organization theory is a way to see and analyze organizations more accurately and deeply. Whether we are able to see the detailing or not that is confirmed by this organization theory.

So, because these are having the analysis also as I mentioned that is every theory is the outcome of the research and therefore, in the research we do the analysis and therefore, when we do the analysis of the organizations also. So, therefore, this particular designing will be more accurate and deeply is there. The way to see and think about the organizations is based on the patterns and regularities in the organization design and the behavior is there. So, here we have to also understand that is what is the pattern is there. There are different patterns are there I will talk about those patterns later on and therefore, and there has to be the regularities uniformities in the organization design and the behavior.

One area of insight is how organization design and management practices have varied over the time in response to changes in the larger society is there. One can say that this theory is old and therefore, this theory is not applicable and therefore, we have to make the testing of the theory. When we make the testing of the theory it talks about that is the

how with the period of time it has been responding to the changes are there. As I was mentioning that is the research we do and therefore, we take the support of a theory we begin with the theory and then see with the period of time whatever the responses or the changes are there. And then if there are changes in the larger society then we have to go for this particular aspect.

Now one example I would like to give like when we are talking about the behavioral science theories organization theories. So, organization theories and the behavioral science theories the value systems are changing in the behavioral science theories. Similarly, in the organization theories the environment is keep on changing and whatever the organization theory is designed today like in the public sector units in public sector units in India you will find there is a big hierarchy is there. But the period of time it has changed and these changes that has been responses to the larger society and in the society the main power it has changed. It has become highly qualified highly qualified and tech savvy technology savvy and when it is a technology savvy organization is there then definitely in that case the flat structure will work.

Because you need not to do the close supervision and therefore, as the society is education literacy level it is technology awareness has increased then your supervision has reduced. And as a result of which not only the supervision the number of people are also reduced. And therefore, in that case we will find that is it is changing in the response into the society the organization structure is changing designing is changing and the naturally the theory theories to incorporate all these changes into the their perspectives. So, if we talk about the historical perspectives the modern era of management theory began with the classical management perspective in the 19th and the early 20th century. So, therefore, in the when we talk about the 1960s 70s 80s and then the 20th century and therefore, in that case this particular classical management theory which was talking making the organization run like the efficient well oiled machines which is associated with the development of hierarchy and the bureaucratic organization is there.

So, that time the manufacturing organization machineries right. So, their organizational machineries were not having that type of these AI applications and the computer science applications and the machine learning was not. So, therefore, that were the well oiled machines were there. Now, you imagine any organization where the oiled machines are there what will be the manpower requirement and therefore, there the structure will be totally different organization design will be different. Now, that machine oiled machine has been replaced by the on the automatic machine then what will be the manpower requirement will be there and that will be totally changed the organization structure.

This classical perspective remains the basis of much of the modern management theory

and practices are there. So, even when we are talking about the new theories development in the modern era of management, but it becomes very important to understand what are the changes are there and accordingly there will be the with the development of hierarchy and the bureaucratic organizations are there. Now, in this case when modern era has comes the elements of the varied perspective discussed further are still used in the organizations although they have been adopted and revived as per the changing needs are there. Basic concepts remain same your machinery, your hierarchy and your structure. Whereas, the scientific management focus on work performed at the shop floor that is technical core.

So, normally whenever we talk about the managerial skill also know then that time we talk about the technical skills, human skills, analytical skills, creative skills. So, these technical skills, HR skills all these skills. So, therefore, that there is a technical core administrative principles are there. So, the old principles which have been changed, but the basic concept the base of this organization structure that remains same. So, looked at the design and functioning of the organization as a whole.

For example, Henry Fayol he has proposed the principles of management such as the unity of command and unity of direction and this form the foundation for the modern management practices and the organization design is there. Now, administrative principles in particular contributed to the development of the bureaucratic organizations involving impersonal, rational basis, clearly defined authority and the responsibility. So, this is a formal record keeping and the applications of the standard rules are there. These administrative principles there is there is a helping today also whenever we are talking about the bureaucratic organizations are there, because it talks about clear cut authority, responsibility and the record keeping is there and the application of the standard rules are there. So, every organization is very systematic, it has been designed under the certain rules, regulations, applications, hierarchy, authority and responsibility.

So, these are the buzz words which we have to take into consideration whenever you are designing an organization is there. Bureaucratic characteristics worked extremely well for the needs of the industrial age, but the problem came that classical and bureaucratic organizations failed to consider the social context and the human needs are there. Now, whenever we are talking about the bureaucratic system and in the bureaucratic system it becomes very, very important that is the they are making these fail to consider the whatever the human needs are there. And therefore, in that case this is becoming very important that is the human needs are required and which is to be considered at the time of this particular type of these requirements is there. The 1980s produced new corporate cultures having lean stuff, flexibility and the learning is there and rapid customer response, engaged employees and the quality products are there.

So therefore, when we are talking about the 1980s, so there here we were proceeding towards the LPG, liberalization, privatization and globalization. However, in India or in 1991 has been started, but that concept that is a new corporate cultures and that that is having the lean stuff. So, minimum people right and therefore, when you are talking about the bureaucratic structure, so can we change from that the haptic structure to the lean structure. Whether there can be the flexibility because when you are talking about the human values, then human values are social concern and social concern is the flexibility, but the bureaucracy has no flexibility. They are having the set rules of norms.

So, set rules or the norms are there and then in that case you want to introduce the flexibility, so organization design will totally change. And therefore, in that case learning the rapid customer response is to be there, society is responding. So, manpower will be responding. The employees those who you are engaging, they are the representations of the society. They are representing the society and now the value systems, their working systems, their style, their human values, their human needs all are changing and as a result of which the engaged employees that that is required to be flexibility and the quality products are required and therefore, you have to make the even in the changes into the operations.

Organizations begin enterprising with the teams right and therefore, in that case whatever the experiments are there with the teams are there, then in that case it will be the whatever the flattened is there, so that flattened structure will be taken into the consideration. So, from the tall to the flat and more and more here concept was participative management approaches. In the theoretical organization design, it was very hierarchical, it was more bureaucratic, but in the modern era, this particular type modern era means 1980s era which is about the but the later than these your traditional era and here that is a participative management approaches is there. I have shared with you my experience as a labor officer in a Hukumchand mill, Indore and there I have found these in the 1965 that time they have started. I have joined in later, but in my in the history of that organization, the participative management approach was started in 1965.

So, there here it has become very important that as you are growing towards the modern era, your organization practices that will change. When your organizational practices change, your participative management approaches will be better. The new design in the DuPont plant in the Virginia example is given, the 8 management layers into the 4 and many organizations have started now that is the flat in the organization structure. So, therefore, when I talk about the tall structure in detail, I will talk later on also. So, I am talking about this is a tall structure.

When I talk about the flat structure, then I talk about this is the structure. So, these 5 persons which were into the 3 layers here, it will become into the 2 layers only. And therefore, as a result of which you will find that it has become very important that is the you are going from this tall structure to the flat structure. So, these new design in DuPont Virginia that may they have layers cut into the layers. So, there were the 8 layers and they have cut into the 4 layers.

So, naturally these employees they have been transferred at the reporting system has been changed. Now, here you will find that is whenever we are talking about this particular aspect. So, here it is becoming very important that is we are going from there making this structural changes and whenever we are making this particular structural changes, it is becoming important that is we are going for all these aspects into the consideration of the whatever our requirement is there in the modern era and this is a flexible approach. If suppose organization says no, we are having the 8 management layers and it will remain 8 management layers, but in the modern era requirement is the 4 layer and organization does not change organization is not flexible. You can imagine the fate of that organization it will not take much time to close that organization because organization is not responsive to the environment and not changing their organization structures and designing and that has become very the flexible approach that has become a very prevalent is there.

So, my submission here is this that is when you review after studying this particular course and when you will look back to your organization designing structure and may you may get a message that there are certain changes are required. So, please be flexible and see that is how you can bring that particular changes if needed. Now, advances in the internet and advancement in communications and IT globalizations and organizational the interconnectedness. These growing quality of life expectations, rising educational level of employees and the growth of the knowledge and information based work are the primary organizational activities are there. So, dear friends these are the challenges.

So, one side you are making the communication in IT ICT applications, globalizations interconnectedness is increasing, global quality of the expectations are increasing. So, therefore, in that case as soon as your expectations are growing naturally you are supposed to make certain changes. As I mentioned the person those who are working at a particular level what was not that educationally qualified, but nowadays the education level of employees that is also has been increased. And therefore, in that case you have to see that is the these hierarchy chain of command and authority and I always talk about the flat structure. So, here it has gone into the so many layers.

So, here it has become very very important that is the these layers you have to reduce

because just by the classical bureaucracy, this is a classical bureaucracy example is there and as per the need and the dimensions which I talked about these expectations, globalizations and all then you are supposed to make these changes are there. So, what are the key contingencies for design is there? The problems in an organization occur when they are treated similarly. So, do not treat the organization similarly because even not organization from my experience of the 10 years of industry experience and 26 years of these academic experience I would like to say it is to be very much customized. Customization is very much important is there. So, even the department to department forget about the whole organization.

So, can it is possible that is the HR department is having the flat structure and production department is having the tall structure if you ask me I will say yes it is possible and it has to be. So, it is the organization design is to be so much customized that you are treated it into the similar way in such a way. So, that it has become the very very important that is the one department requires more bureaucracy fine other department does not require fine. So, I will change the structure. So, department wise also changing the structure however, here it is written organization wise changing the structure and I will suggest even the department wise need based.

Need based such a flexibility should be there in the organization need based organization structure will change and the people are adaptive to those changes. I understand there will be certain resistance to change, but it is the art of the HR to make these changes. The structural system that works in these retail division of a conglomerate and it will not be appropriate for the manufacturing division is there. And therefore, this retail division it has to be the definitely different as far as the manufacturing division is concerned. The organization chart for an entrepreneur internet and that will be the different from the like twitter will not work for a processing firm or a non-profit organization.

Right and therefore, effective organization requires understanding the various contingencies are there. For organizations to be effective there must be the goodness of the fit between their structure and the various contingency factors. So, there is no one best way. So, therefore, in that case when you will go through this particular course and you will understand and learn please try to understand that is it will not necessarily that is this is the best way is there. You have to see your organization requirements and on basis of those organizational requirements you have to find out the best way whether it is at all it is a flat or it should have the bureaucratic structure or because the some organizations executives may say that is no sir in my organization bureaucratic may work fine.

It is a historical perspective, but that is fine because in some organizations historical perspective may work. So, there is no best way is there and the we have to identify our own that is how it is to be there. So, an important insight from the organization design researchers is how organizations are configured and that is what makes us an organization parts and how to do the various parts fit together. So, organizations design and the configuration will reflect contingency factors along the recognizable patterns are there. So, one framework proposed by the Henry Mintzberg suggest that every organization has a five parts technical core, top management, middle management, technical support and administrative support is there.

A beautiful classification is there and I know that is this is not all there are so many that we will talk in further slides also, but according to the Mintzberg we can focus on these five aspects that is the how these five parts then whatever Henry Mintzberg has suggested that he of the framework the dimensions which you want to create for your organization structure and design. So, these are the five factors which you are supposed to consider is there. So, top management is there here then you find the technical support is there then the administrative support is there here is the middle management and this is a technical core is there and dear friends all are equally important all are equally important and therefore, we cannot say that is the middle management is the backbone and top management is the brain. Yes, that is true, but for a body, body due to a action brain has to be functional, backbone has to be active support administrative support and technical support is required. Both hands and legs are required to support and then there will be the action.

So, therefore, it is a full coordination, coordination of all these dimensions with the technical core is there because ultimately they are the doers and if the doers will not do we can understand what will happen. So, therefore, here when we talk about the technical core in people who do the basic work of the organization and this part actually produces the product and services. And this is where the primary transformation from input to output takes place. The technical core is a production department in a manufacturing firm. The teachers and classes in a university and the medical activities in a hospital is there example is given.

The administrative support is there and the function is responsible for the smooth operation and the upkeep of the organization including a physical and human elements. These includes the human resource activities as the recruiting and hiring, establishing and compensation and management is a distinct function responsible for the directing and coordinating other parts of the organization is there. The top management who can ignore that, nobody can dare to ignore that, that provides a direction, planning, strategy, goals and policies and the middle management responsible for the implementation and

coordination at the departmental level. So, in a traditional organizations middle managers are responsible for the moderating between to the top management and the technical core such as implementing rules and the passing information up and down the hierarchy is there. The five organization types are the entrepreneurial structures, machine bureaucracy, professional bureaucracy, diversity firm and the adhocracy is there.

So, there is required. The managers coordinate and direct parts of the organization, but they may also be involved in the administrative and technical support and therefore, this type of the Mintzberg work organizations are there. So, these are the organization structures you see how it is five by five organization structure is there, very beautifully has been designed. Entrepreneur structure, professional bureaucracy, diversified firms, machine bureaucracy and the adhocracy is there. The entrepreneurial structure that is consists of the one large unit with one of a few senior managers, this one and this is a few and the organization is relatively unstructured and informal. When we talk about the startups and entrepreneurs and small businesses and therefore, in that case you will find that is the this is becoming the entrepreneurial structure is becoming the startups and the small businesses and they should go by this particular structure.

When we talk about the machine bureaucracy is there and the machine organization is defined by the standardization work is very formalized. There are many routines and the procedures are there and the decisions making is centralized and takes are the group functioning departments, jobs are closely defined and there is a formal planning process with budgets and the audits and procedures are regularly analyzed the top efficiency is there. And here is the structure is there and that is about the machine bureaucracy is there. When we are talking about these professional organizations the awarding to the means by the professional organizations is also very bureaucratic and the key difference between the professional organizations and machines organizations is that professional organizations rely on highly trained professionals. The divisional organization for diversified organizations are there and these are the organizations that typically have a divisional structure, a central headquarter, a number of autonomous divisions and here you will find that is the divisional structure is there.

So, this is having the all the diversified forms are there. Now, when we are talking about the Adhocracy innovative organizations are there. Now, dear friends nowadays the core competency is innovativeness and the structure discussed so far are the best suited to the traditional organizations. In new industries companies need to innovate and function on an ad hoc basis to survive. So, Mintzberg was called this is the adhocracy essentially the opposite of the bureaucracy is there and here you will find that particular structure is there.

This is the adhocracy structure and this is a bureaucracy structure. So, you understand the difference between these two these two structures. Beautifully diagrammatically it has been designed this is the bureaucracy structure is there and here is the adhocracy is there adhocracy is there. And therefore, as per the characteristics of these the adhocracy innovative organizations are concerned and that is the adhocracy to be survive is there and essentially the opposite of the bureaucracy is there. I would like to mention about a case study here and that is the Curtice Burns is in consist of the 7 food manufacturing divisions with the sales in the excess of the dollar 270 million.

Now, through the acquisition of other food companies the company grew and converted them into its own division. The management of this company emphasizes decentralization and autonomy and each division makes the own decisions except the major capital investment while the headquarter only has a staff of the 12 people. The president and CEO of the Hugh Cummings by identifying the advantages and the disadvantages mentioned about the clearly defined responsibility of the each divisions' CEO for the performance of his or her own division is there. So, CEO would not be able to blame the headquarter for the low performers of their division and the operational and strategies decisions taken alone by him or her.

Next advantage is derived from the company's incentives. So, at that incentive plan a single division incentive plan is not followed rather it is based on the overall corporate results and allocated to the division on the basis of the payrolls are there. The incentive plan creates the positive peer pressure because a poorly performing division will reduce the bonus for all divisions. The entrepreneurial spirit often found on a small business can be bought on to large enterprise due to the decentralization, but there are certain disadvantages to it. The divisional marketing of the regional brands did little to promote the visibility of the Curtice-Burns stock is there. Decentralization as a Curtice-Burns is there a second advantage of decentralization is the inherent duplication of the functions and like the accounting, sales, marketing.

So, moreover small divisions cannot be afford to the whole range of support to the operate independently. The third problem associated with the managerial question is knowing when should be the headquarter assist and but the CEO believed the advantage outweighed the disadvantages. Because according to him the primary cause for the company's steady growth is its decentralization strategy is there. So, he was believing in himself that is known what I am doing that is because of the organization is making the profit. Question arises do you think the decentralization policy of the Cartes-Bones is available for them? What specific company strategies facilities the use of the decentralized authority? What are the functions which are most likely to be centralized in the Cartes-Bones in corporations? Now, the answer lies on the those diagrams where the

different types of these organization structures have been suggested you identify the nature of organization and suggest that particular that which type of the organization structure will work.

This is a research paper, this is a organization design is a normative science that focuses on the creating an organization to achieve a given goal and here organization design encompasses the structures and processes that organization members use to meet their functional obligations are there. In this research but knowledge based economy and a dynamic and the unpredictable environment is there the organization design needs to be flexible and the innovative is there. Organization responses to the environmental changes that has been talked about organization the clock speed that is speedy responses is earlier also in the last session I have talked about you are supposed to have the speedy responses designing the diverse business models creating go to the market flexibility innovation in the organization's design and the modular product design is there. This is a research paper which talks about the designing in an uncertain and the complex environment and therefore, when every organization is talking about the uncertainty and in that case how to design the organization this research paper will be helping and mantra is one flexible response organization that is responses to the environment is there. When you need to change structure process and behavior for the meeting the needs of the different customers and shift the organization design as the market and the customers shift is there.

They use their flexible design to fit in the environment and thus get a competitive advantage is there. So, these are the various archetypes sets of the characteristics that describe organization architecture proposed by an number of authors. Siggelkow and Rivkin suggested five archetypes decentralized, liaison, lateral communication, hierarchy and centralized. So, flexible organizations are those that can move from one archetype to the another for this type is there. So, objective oriented paradigm is required and the shift of the paradigm the object oriented approach will reduce the complexity in the designing the efforts and will increase the efficiency in development of design is there.

Here this is the fit among the element is we have to identify. For organization to be the effective this should be the fit between the important elements that is the contingency factors and as the designing parameters are there. Putting together design elements are there and elements also known as the pillars, people, process, technology and the governance is there. So, in this paper the authors have concluded the unpredictable environment requires continuous and radical changes in the organization design so that the organizations can survive, can reap the temporary advantage and can grow the continuously in the industry. Flexible organizations can adopt quickly to change in the environment and they use their flexible design to fit in the environment and thus get a

competitive advantage is there. This is the book organization theory design and change by Pearson education the authors is Graywith and Matthew.

So, please refer this particular book. These are the contents of this book recommendations of the table of contents are there and these are the references for the study material which we have referred for this particular session and when you will go through these references you will find certain research papers also. Thank you. Thank you.