Designing Work Organization
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Lecture-3
Approaches to Design Based on Different Models

In this particular session, we will talk about the approaches to the design based on the different models and here we will have the efficient performance versus the learning. Then the organization design approaches, there are the different approaches are there and we will discuss what are the these approaches are there. Then the mechanistic and the organic designs are there. Then vertical and the horizontal communication we will see. Centralized and the decentralized structure of the organization like the in the previous session we have talked about a particular case study and in that case study we have talked about that is the Larry was having the centralized system and then what are the advantages and disadvantages of that centralized system of the organization. Now then we will talk about the open system and the chaos theory, then the case study as usual the research paper and the book recommendations and references will be there.

When we talk about the efficient performance versus the learning organization is there, the new mindset has served many organizations to shift from these the strict vertical hierarchies to the flexible. I always mention this thing that is the this is the era of the flexibility and therefore, you will find that is any organization which is having the strict vertical hierarchies that requires in the new mindset to be flexible. And if you are flexible, then definitely you will shift from the strict vertical the hierarchy to the decentralized hierarchy and as a result you will design the structures and that emphasize the horizontal collaboration is there. So, last time we have discussed about this thing that is the how the horizontal structures that will be making the difference is there.

So, here you will find that is the this particular structure which we talk about the horizontal structure is there and here the suggestion is given in the efficient performance is this that is in spite of the strict vertical hierarchy, you should go for the with flexibility, flexibility in the sense wherever it is needed, not necessarily that is all verticals design of the organization should go the horizontal. It can go to the horizontal if required, but there has to be the flexibility to understand that there is a requirement of the horizontal structure and there is a requirement of this horizontal collaboration among the employees. So, we should make the changes into of your organization structure. Now this widespread information sharing and adaptability is there, now information sharing between these particular elements positions. So, therefore, in that case you will find it

will be widespread will be there.

However, when we talk about the vertical, then in the vertical you will find that is the flow of information either from the upward to downward or downward upward in the both the cases it is becoming very difficult. So, there here it is this flow we will making the changes while in the horizontal it is making the smooth changes. So, although the stakes might not be the as high business and nonprofit organizations today also need greater fluidity and adaptability is there. Flexibility adaptability brings you to the productivity is there. So, many managers are redesigning their companies towards something called the learning organization.

So, these learning organization promotes communication and collaboration so that the everyone is engaged in identifying and solving problems. These are enabling the organizations to continuously experiment, improve and increase its capability is there. So, when organizations are learning and as the response to the environment, you will find that is the they are able to identify the problems. Once they identify the problems, their approach is flexible. So, they solve the problem and makes these experiment continuously as a result, the organization is improving and increasing its capabilities are there.

Now here efficient performance versus the learning organization is there. So, organization designed for the efficient performance with those designed for the continuous learning by looking at the five elements of organization design. So, from vertical to the horizontal structure is there. Second, is from routine tasks to empowered roles is there. The organizations they are not having that is bureaucratic structure where the fixed rules and regulations are there because those fixed rules and regulation will make your job more routine task.

But when there is discretion is there so that you can take the decisions as per the situation and that will make you the empowering the roles will be there. So, from the formal control systems to the shared information is there. Here the top management is not having total control rather than delegation and decentralization is there for the shared the information is there and as a result of it from competitive to collaborative strategies are involved. So, whenever the organizations they are developing from the competitive to the collaborative strategies then definitely in that case the output the productivity is required to be very high. This is from the rigid organization to the adaptive culture is there and this type of the learning organizations because it is a continuous learning and therefore, they become more and more competitive is there.

So, whenever the organizations they are going from the competitive to collaborative

then definitely in that case they are becoming more and more the adaptive culture they are adopting and as a result of which the rigidity in the organization that is the framing of the rules and regulations of the organization. Limitations of the discretion that will not be existing and as a result of which organization will grow faster. Now, we will talk about the certain approaches for the organization design. So, mechanistic and organic design is design mechanistic is there. So, first we will go talk about the mechanistic design approaches.

So, characterized by the machine like the standard rules and procedures like in the case the machine, the machine is given the command and then it will work accordingly only. Similarly, the organizations which are working on the only standard rules and procedures and then in that case that will call the mechanistic approach will be there. Here with clear authority is there, and highly formalized and centralized is there. So, here not the informal interactions will be there rather than the more and more the formalized and the centralized interactions will be there. They will be having the most decisions are made at the top or there and therefore, in that case it is the top-to-bottom culture where the top management will decide and the middle management and lower management will follow the decisions taken by the top management and this type of the situation is called the mechanistic design of the organization.

Organic design of the organization, the organic design of the organization is the loser-free flowing and the adoptive is there. So, therefore, you can take the risk and therefore, if you take the risk sometimes you are winner sometimes you are loser, but there is a free flowing and therefore, the information which is sharing from the one person to another that is having the very free flowing and the the organization very adoptive as a result of which whatever the changes are there in the environment and the organization become very faster though adopt those particular changes. Here rules and regulations often are not written down or if written down are the flexible applied. So, they are just like guidelines, they are giving you the understanding, they are giving you the guidelines that is the how they can be making the more flexible and these are rules and regulations, they are giving you the just direction, but you can take your own decision. So, you can understand if those organizations which are so adaptive and flexible and they are giving the decision making authority also, then definitely in that case, the employees those who are working at different positions in the organization, they will feel empowered and when the empowerment is there, then definitely the output will be much better is there.

Now, the next organization structure is vertical communication is there. So, mechanistic organizations they emphasizes vertical communications and down the hierarchy is there. The top managers pass the information downwards to the employees about the goals and

strategies and the job instructions while the employees provide information up to the hierarchy concerning problems are there. So, therefore, here it is going from the top to bottom and bottom to up is there and therefore, the performance reports will go to the top concern, the financial information, suggestions and ideas that will come from the top managers passes these informations towards the downwards is there. Now, in the horizontal communication, in an organic organization, there is a greater emphasis on the horizontal communication is there and therefore, information flow in the all directions are there.

   Like here in this diagram you see that is the marketing manager, finance manager and the personal manager is there and these all three managers they are giving this particular very smooth flow of the horizontal communication is there. So, organic organizations maintain open lines of communication with the customers, suppliers   and even competitors to enhance the learning capability is there. So, there is one strategy that is called the co-optation. Co-optation means cooperation amongst the competitors. So, this type of the horizontal communication that also encourages the co-optation because you are making the free flow of communication with the competitors.

   So, you are learning from them and as a result of which you are developing your own capabilities also. So, both organizations, both competitors, they are mutually helping each other for developing this particular resources is there. Now, we will see that is the how the mechanistic organizations and the organic design how they are comparable. Now, here when we are talking about the mechanistic design, it is a centralized structure is there. While in the case of the organic design, you find it is a decentralized is there.

   We have discussed so far that is when it is a decentralized, then it becomes more flexible and the more adaptive is there. So, there are the very few rules are there while in the mechanistic design you will find many rules are formalized. So, if you want to make that is the your organization should be flexible, adaptive and competitive, then in that case you are supposed to go for the organic design is there. Some organizations may have the strict hierarchy of authority, like for example, we talk about the army, when we talk about certain the government organizations, the organizations are required to have a bureaucratic structure, otherwise it will not be possible for them to work smoothly. So, therefore, in that case, it is a mechanistic design will work.

   But in the business organizations, most of the time, you will find that is the empowered roles are there, horizontal communication is there and the collaborative framework is there in the winning organizations. So, here we can find out that is the whenever we are talking about the mechanistic approach or the organic approach, it depends on the nature of organization also. Now, basically where are the organic designs are there, organic

designs are found more successful when the organization size is small and the innovation strategies are there, whenever the innovative ideas open-mindedness and therefore, the employees they suggest because the small size is there of the organization. So, the organization will be able to adopt that, while when the organization is having the large size and then definitely efficiency strategy will be more important for the organization, while the innovative strategy that will be more adaptable in the organic design organizations are there. In the case of the mechanistic design is functional when there is a stable environment and rigid culture is there, while in the case of organic design, always it is in the dynamic, dynamic means changing environment.

So, therefore, the organization is so high responsive as the environment changes, then it definitely in that case the organic design data starts working. Now manufacturing technology is more dependent on this mechanistic design, while the service technology-based organizations they prefer the more organic design is there. So you identify your organization is a manufacturing organization or it is a service organization, if it is a service organization prefer to go for the more organic design, if it is a manufacturing organization, then your organization is having a large size, and if it is a large size is there, then definitely in that case the suggested organization design is that is about the mechanistic design is suggested. Now in the previous session also we have seen this particular approach that is a centralized approach is there. So, in case of the centralized approach, you will find that is this person who is at the top right, he is making the whole control over the rest of the layers are there.

So centralization and decentralization are the hierarchy levels at which the decisions are made and in a mechanistic design, the structure is centralized whereas it is decentralized in an organic design is there that we have talked about in our previous slides. So centralization means that decision and authority is located near the top of the hierarchy. For example, this person he wants to take a decision or he wants to know what is the approach of the top management for this particular issue is there, then in that case he will have the access to the top management. However, he has to go through this, this and this, but still it is accessible is there. While in the centralized organization organic design, you will find that it is becoming the more horizontal.

So, therefore, whatever time is taken in the centralized structure, even it that much time will not take into the decentralized structure. The point is if you are having the centralized structures, please ensure people are having the easy and fast flow of communication. If it is a easy and fast flow of communication, then definitely in that case, the centralized system that will be workable is there. Centralized means that decision authority is located near the top of the hierarchy and the like knowledge and control of the activities is there. So knowledge sharing, so whenever you are having

these centralized structure, so knowledge shifts from the top to bottom is there and therefore, in that case you will find that it is becoming very important that is the free flow of communication in from the top of the hierarchy and so then in that case, you will have the knowledge sharing and similarly, because it is centralized, so it is a control activity.

So it will be having the maximum the control over the activities of the overall organizational operations. Now this is the decentralized is there. Now in this case, you will find that is the decision making authority is pushed down to the lower organizational level is there. Now every person because whether this person or this person, so therefore, everyone is equally responsible and therefore, in that case, the decision making is not only at the top but it is going from the top to the bottom is there. So it is a push down to the lower organizational levels are there.

So knowledge and control of activities are located with employees rather than supervisors or the top executives are there. So therefore, in that case, every employee is empowered, every employee can take the decision and therefore, then the supervisors or the top executives are not necessarily always to be involved into the decision making process like in this particular diagram. So in this particular diagram in the centralized system, this person is always involved while in the case of here, this person may not be directly always involved and therefore, every employee every person who is in this organization structure is empowered to take the decisions are there. A decentralized organization structure is great for empowering employees to present a new ideas. Now what happens? It is not the hierarchy.

So therefore, in that case, the people they are feeling free and free flow of information and therefore, it is getting them more and more the empowering of the employees is there and the new ideas that will be more sharing will be there. While in case of the hierarchy structure, vertical structure, sharing of ideas are not that easy and therefore, it may reach sometimes, even it may not reach sometimes. So therefore, in that case increase the career growth opportunities are more in the case of these the original decentralized or the horizontal structure rather than the vertical structure is there because it implements a more relaxed chain of the command model is there. So therefore, in that case, it works for the more decentralized structure is there. So there the approach another approach is specialized tasks versus the empowered roles are there.

A task is a narrowly defined a piece work assigned to a person is there. So therefore, whenever we talk about the position, jobs, task, so task is a narrowly defined the piece of work which the assigned to a person is there who is working at that particular position. So, with a mechanistic design takes are the broken down into the specialized separate

parts as in the machine with each employee performing activities according to a specific job is there. So, as you will find that is in the mechanistic design what happens? That is each employee performing his own activities, he is not aware, he is not having any information or the another activity, right and therefore, he is becoming an expert into a specific job. A role is a part of a dynamic social system, there is a discretion and responsibility with the employee is there.

So always when you are playing a different role of the particular position, then you are making the always discretion and responsibility for that particular role is there. In an organization with an organic design, employees play role in the team or department is there. So, therefore, when each one is coordinated with each other, then definitely in that case, the employees play a role in a team or department is there, teamwork will be there, because there is a synergy, there is coordination and therefore, as a result of which you will find that is the inorganic it is working like a team or department is there. Now, in the case of these formal versus informal systems are there. So, with a mechanistic design, there are numerous rules, regulations, and standard procedures.

So, formal systems are in place to manage the information, guide communication, and detect the deviation from the established standards and goals are there. Within the organic design, there are a few rules are the formal control system is there and communication information sharing information is there. Now, it depends, it depends on the nature of organization, it depends on the size of the organization, it depends on the procedure of the organization, whether you want to go by the formal organization structure or you are going to be at key create an informal organization is there. Hierarchy of authority versus collaborative framework, as we have seen in these vertical approach vertical authorities, there is a hierarchy of authority, while in the case of the organic that is the collaborative framework is there. In mechanistic design, there is a close adherence to the vertical hierarchy and the formal chain of command is there, right.

While work activities are organized by the common functions from bottom to top, the entire organization is controlled through the vertical hierarchy is there. In organic design emphasizes collaborative teamwork rather than the hierarchy is there. So, therefore, in that case structure is created along the horizontal workflow is there. So, that distance power distance, the power distance between the top management and to the lower management and that is very, very less. So, between the superior and subordinate, there is a free flow of information because they are having the minimum power distance.

Structure is created among the horizontal workflows are there and in vertical hierarchy is flattened with only a few of these the senior executives such as the finance or human resources are there and self-directed teams are the fundamentals work unit are there. And

therefore, in that case, in the vertical hierarchy, you will find that is the human resources, they are more dependent on the top management is there. Today's organization, contemporary organization design ideas are there. The today's organizations are still imprinted with the hierarchy or formalized mechanistic approaches are there. So, many organization even in the today's context, though these concepts have come for the organic design, but still many organizations are not flexible or not adaptive to those.

So, content challenges requires the greater flexibility for the most organization is there. So, there are different challenges are there. So, there is required the flexibility and the in the most of the organizations. So, if the organizations are adaptive, then they become the more productive. If the organizations are not adaptive, because of they are not flexible, so they become the less productive.

So, not every organization performs better with a strong organic design is there. So, even we talk about that is a mechanistic design and organic design is there, but still that is many people they do not go for these the strong organic design is there. Sometimes the standard rules, procedures and more mechanistic approaches they serve an important function is there. So, naturally, it is a mindset, the mindset of the hierarchy, and therefore, the order is taken, order is delivered. So, always looking for the order, it is not the self-description, it is not the self-motivation, it is not the self-performance rather than the directed one and therefore, this particular the mechanistic characteristics can be highly effective in rigid situations are there.

So, what is to be done, and the precautions are to be taken? We have to ensure that there are no such type of vertical organization or mechanistic organization rather than there are the organic design is concept is also introduced. However, most organizations are shifting towards organic design due to the need for the innovation adaptability and the fast response, organizations have to change is the environmental changes, because organizations are open systems are there and therefore, any system may be the political, legal, and technological is keep on changing, organizations should also make the changes to their designing systems are there. In the open systems must interact with the environment in order to survive but in the open system is not necessarily will be in the every organization. So, open systems cannot sell themselves and must adopt the continuity to the environment. An organization must be managed in an open system to be successful are there.

Now, the organizations have to obtain the resources, naturally man, machine, material, money, method, minutes are the resources on the environmental threats and therefore, on the such resources and environmental threats that has to create the opportunities and this distribute the products and services and they coordinate the internal activities are there.

Changes in one part of the system affect the other parts are there. Naturally what happens when you are going to be making the changes into organization structure. So, definitely it will be affecting on the organizational performance. Organization structure, organizational performance, organization culture, this is all very important to understand that is how they are making the system affect other parts.

So, organization system when you are making these contemporary changes, make sure that is it does not change the core system as it is. So, substance systems in the organization perform specific functions required for the adoption is there. So, whenever there are organic performance is there, then they are required to make this requirement of the adoption is there. Now, there is another theory that is called the chaos theory. The environment in the 19th and early century and earlier 20th century was perceived as the orderly and predictable.

While the organizations became large and complex with a distinct the boundary between the functional department and the organizations are there. So, the mechanistic approach is worked well in the industrial age and therefore, the people have preferred more vertical structures. The science of this chaos theory states that relationships in the complex open system and the monitor and made up of the interconnection and the divergent choices are there. So, therefore, in that case, whenever we talk about the relationships in the complex open systems are the non-linear are there and they are made up of the interconnections and the divergent choices are there. Now, here the chaos operates with the some predictability, which is the challenges of today's managers are there.

So, however, chaos theory suggests that the organization should be viewed more as the the natural system then will be the oiled predictable machines are there and these are leading to an increase in the use of organic design approaches are there. Here I would like to take one case study as an example, what we have talked about and that is about the Xerox Corporation is there. The rise and fall of the Xerox owns almost 100 year life is a classical illustration of the organization decline. Xerox began as a photographic supply house in 1906, and developed the world's first xerographic copier in 1959.

Both Joseph C. Wilson and David Kearns created a positive people-oriented culture at Xerox. And they emphasize fairness, risk checking, and employee involvement. However, it is said that Xerox became a victim of its own success. Its copies were so successful that the company was blinded to the potential of innovations its own research until came up with a strong bureaucracy or a bureaucracy is a the become to be known as the developed is there. Chaos operates with some predictability which is the changing of today's managers.

However, Chaos theory suggests that the organization should be viewed more as a natural systems than well-oiled predictable machines leading to an increase in the use of organic design approaches are there. Now, CEO Kearns has rejuvenated the company by the 1990s by diversifying into the insurance and the financial services. But this led to billions of dollars in insurance liabilities. When the Paul Allaire took over in 1990, he began to withdrawing from the these businesses while cutting costs and introducing the new products. However, the company was slow getting to the market with desktop printers due to the burox and the increased use of the internet and email to the sales of copies.

Most outsiders blame the problems at Xerox on the failure of its culture to adopt. And therefore, as we are mentioning in the beginning, the organizations are required to be the organic design, more flexible, more adaptable, more productive will be. After Richard Thoman was unable to change the company, it was replaced by the animal whom a layer promoted from the within the company. And she promptly devastated the inkjet printers that were the losing money and took action to make the company more ethical in its business practices are there. She has introduced a new products and services that hold promises and has gained respect and admiration from the stakeholders of Xerox.

In 2009, she ended over the top job her second in command that is Ursula Burns who became the first African American woman to head a Fortune 500 company. So, Burns focused on the having the Xerox become a state of the art technology resource in a decade or two after the American icon after the crash Xerox has once again the admired in the corporation world was there. This is a research paper which talk about to study the relationship between the practices of quality management and the characteristics of the organization design and quality management and the competitive advantages are there. So, the study uses a partial least square approach in this relationship in the 350 hotels in the Spain is there. The finding showed that is the quality management influences the specialization, formalization and understanding of the interdepartmental interactions and the quality matters practices the influence both the cost and differentiation competitive advantage.

The result also indicate the importance of the quality management strategies and the operational systems that have a key impact on the characteristics of the organizational design. Similarly, the quality management operations system is the key of the relationship between the QM and the cost competitive advantage. Finally, the QM operational information and the strategic the systems positively influence the authorization and the differentiation between the competitive advantages there. This paper having the particular implications of the QM and there will be a significant

changes to a number of organization variables including specialization, formalization and interdepartmental interactions are there. And this paper has been the little research on the effect of the QM on the organized design on the hotel industry.

The contribution of this paper is to analyze the effect of quality management on the organizational design and competitive advantage extending the knowledge and these issues in a specific sectors are there. This is the book the leading organization design, how to make the organization's design decision to drive the results you want. So published by the Jossey-Bass language English right and therefore, you can go by referring this particular book for further understanding on the organization design. This is a leading organization design that outlines a scalable the five-step process by which the senior business leaders they get their support and support by skilled human resources. While being careful to the insured today company's organization design is not more complex than here you will find it brings a competitive advantage over firms whose management can only be there do the one right thing is there.

This book also gives insights from the extensive executing around this world and their research on the many larger multinationals the authors reveal how to generate and evaluate the right design options are there. When you are making the right design options are making the new frameworks concepts and tools that examine a depth how companies like Nike, Coca-Cola, and P&G, Procter Gamble, Cisco and others they have tackle today's designing challenges and better you design the organization better will be the performance will be there. These are the references for this particular study material which you can refer for your next further studies and further readings and these all talk about the approaches different approaches to the organic designs and the mechanistic design and design in such whether it is flexible and adaptive or not. Thank you.