

Designing Work Organization
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Lecture-51
Understanding Global Organizational Design

And in understanding the global organization design, we will talk about the entering the global area, then the motivational for the global expansion, then the stages of the international development, instructional global organization design and here Jay Galbraith's star model, Holonic Enterprise Model, the Flexible Organization Model, the significance of the global organization structures, benefits of the global organization structures and as usual, we will be discussing the case study, research papers, book recommendations and the references. Now, whenever we are talking about entering into the global area, why has the global experience at the top becomes so important to the organization. Only a few decades ago, many companies could afford to ignore the international environment. Today, the number of the companies doing the business on a global scale is increasing and the awareness of the national borders increasing. As reflected in the frequency of the foreign participation at the top management level is there. So, here the Fourteen of the Fortune 100 companies are now run by the foreign born CEOs.

This citigroup picked India-born Vikram S. pandit as its CEO. Alcoa's top leader was born in Morocco and the Dow Chemical is headed by a native Australian. The trend is seen in other countries as well, because the world is rapidly developing into a unified global field and companies need to the top leaders who have a global outlook.

Extraordinary advancements in the communication, technology and transportation have created a new highly competitive landscape. The products can be made and sold anywhere in the world. Communications are instant and the product development life cycles are the growing shorter. No company is isolated from the global influence. Some large so-called American companies such as the Coca-Cola, IBM, McDonald's and Procter and Gamble rely on the international sales for a substantial portion of their sales and profits.

The economic, technological and competitive forces have combined to push many companies from a domestic to a global focus. The importance of the global environment for the today's organizations is reflected in the shifting global economy. As one indication, Fortune magazine's the list of the global 500. The world's 500 largest companies by revenues indicates the economic clout is being diffused across a broad

global scale. In general, three primary factors motivate companies to expand internationally.

Economies of scale, economies of scope and low cost production factors are there. Economies of scale building a global presence expands in the organization's scale of operations, enabling it to realize the economies of the scales. The trend towards the large organizations was initially sparked by the industrial revolution which created the pressure in many industries for the larger factories that could seize the benefits of economies of scale offered by the new technologies and production methods. Through large volume production, these industrial giants were able to achieve the lowest possible cost that is per unit of production. However, for many companies, domestic markets no longer provide the high level of the sales needed to maintain the enough volume to achieve the scale economies in an industry such as the automobile manufacturing for example, a company would need a tremendous share of the domestic market to achieve the scale economies are there.

A second factor is the enhance potential for the exploiting the economies of the scope. Scope refers to the number and the variety of products and the services and company offers. Scope refers to the number and the variety of products and the services and company offers as well as the number and the variety of the regions, countries and the markets itself. Having a presence in the multiple countries provided the marketing power and their synergy companies to the same size from that he has presents to in the fewer countries. Economies of the scope that can increase a company's market power as compared to the competitors, because the company develops the broad knowledge of the culture, social, economic and other factors that affect customers in the varied location and can provide specialized products and services to meet those needs. For example, an advertising agency with a presence in the several global markets gains a competitive edge serving the large companies that span the globe or considers the case of the McDonald which has to obtain nearly identical the ketchup and sauce packets for its restaurants around the world.

The low cost production factors are there. The third major force motivating the global expansion relates to the factors of the productions. One of these earliest and still one of the most powerful motivation for the US companies to invest abroad is the opportunity to obtain the raw materials, labour and the other resources at the lowest possible cost. Organizations have long term overseas to secure the raw materials that were scarce or unavailable in their home country. Many companies also turn to other countries as a source of the cheap labor is there.

Textile manufacturing in the United States is now practically nonexistent or the

companies have shifted most production to Asia, Mexico, Latin, America and the Caribbean where the cost of the labor and the supplies are the much lower. Aerospace related companies are the building factors in Mexico where they get the cheaper labour and favourable government regulations. US makers of the toys, consumer electronics and the other goods also work to the China and the other low wage countries are there. In the stages of the international development, strategic orientation is there domestically oriented, international export oriented, multi domestic companies, then the multinational and the global is there. When the series of development initial the foreign here the involvement is there, then the competitive positioning is there in this international and then the explosion and the global is there.

When we talk about these the structure is there, then domestic structure plus the export department is there. Economic structure and the international division that will be the international part will be there. When the multinational is there, in the multinational world while the geographic products are there. When we talk about the global then the metric transactional is there. When we talk about the market potential, so it becomes the moderate mostly domestic large multinational and in the case of the multinational it is very large multinationals are there which is becoming the whole world for this but the global is concerned.

So no company can become a global giant overnight. Managers have to consciously adopt a strategy for the global development and the growth and the growth. Organisations enter the foreign markets in a variety of ways and follow the diverse paths. However, the shift from the domestic to the global typically secures through these stages of the development are there. In stage 1 the domestic stage the company is domestically oriented but managers are aware of the global environment and may want to consider initial foreign involvement to expand production volume and the realised economies of scales.

The market potential is limited and is primarily in the home country. The structure of the company is domestic, typically functional or the divisional and initial foreign sales are the handle through and the export department. The details of the freight forwarding, customer problems and the foreign exchange are handled by the outsiders are there. In stage 2 the international stage the company takes the export seriously and begins to think multi-domestically. So multi-domestic means competitive issues in each country are the independent of the other countries.

The company deals with the each country individually. The concern is with the international competitive positioning compared with the other firms in the industry. As this point at the international division has replaced the export department and specialists

are hired to handle the sales, service and warehousing abroad. The multiple countries are identified as a potential market. For example, the purafil a small company with headquarters in the Doraville, Georgia sells air filters that remove the pollution and clears the air in the 50 different countries.

Although the purafil is small, it maintains the contacts with the independent sales firms in the various countries who know the local markets and the cultures are there. In stage 3 the multinational stage, the company has the extensive experience in a number of international markets and has established the marketing, manufacturing, or research and development. The facilities in foreign countries, the organizations obtain a large percentage of the revenues from the sales outside the home country. Explosive growth occurs and international operations take off and the company has business that units scattered around the world along with the suppliers, manufacturer and the distributors. Examples of companies in the multinational include the Siemens of Germany, Sony of Japan and Coca-Cola of the United States, Walmart.

Although it is the world's biggest company, it is just moving into the multinational stage with only about 22 percent of sales from the international business in the fiscal year 2006. The fourth and the ultimate stage is the global stage, which means the company transits in any stage country the business not merely a collection of the domestic industries, rather subsidiaries are interlinked to the point where the competitors position in the one country significantly influence the activities in the other countries. 20 truly global companies no longer think of these themselves as having a single home country and indeed have been called their stateless corporations. This represents a new and dramatic evolution from the multinational company of the 1960s and 1970s. For example, the CEO of digital media company, Thompson SA, he does not want people to think of the company as being the best in any particular place is there.

So, global organization designs is the only management system that links all aspects of the business to ensure the right organisation structure, the right people, the right accountabilities, the right leadership practices, the right processes and the procedures are there. So, here implementation global organization design has led to the increased profits, growth, cost reduction and the increased productivity and the market share is there. So, these improves the customer relations. So, greater employee satisfaction and the retention will be there. Global organization design does these by ensuring the optimal number of layers in the So, you will like to do the business or the companies will like to go for the business where this all these the comparative advantages are there maybe for the labour cost is there, production cost is there and here we will find that is it is has been advantageous for the organisation.

Then the structure is there, there is power and authority, information flow and the organisational roles are there which we are talking to the these organisation structures are there and this we will be discussing into the details also. Now, the business process and the lateral links are there where we talk about the network processes. Naturally, the people of the organisation and all those employees and they are required to be interconnected and these networks processes and the teams that will be giving an integrative roles are there and as a result of which you will create a matrix structure and then on basis of that matrix structure you will be getting the business processes and the lateral links are there. Now, when people are living their hometown and then they are going for the other places within the country or outside the countries, we know that is the compensation and the rewards that becomes a very, very important factor. And therefore, here when we are talking about these international or the global organisation then in that case the reward system that will be the very highly motivating factor for employees to work across the borders.

Now, in the HR management is for not the right talent, right people that is required for these recruitment is there. If the right people are not recruited then the performance will not be there. So therefore, in that case it is the hiring is becoming a very, very crucial aspect and these work feedback and the learning that is that means the your HR management that will be having the very high challenge. Now we will go into the details. For example, as I talked about that is the strategy is about the objective values and mission the basic direction of the company is there.

So that will give the directions to the in which directions short term strategies, long term strategies will be designed by the organisation and on basis of that the organisation will move. So, the organisation establishes the criteria for choosing among the alternative organisational firms to enable the strategies whether you want to be only domestic, multinational or global to choose the relative importance of activities are there. The structure, the structured data mines where the power and authority in the organisation based on the analysis in four areas, specialisation, shape, distribution and departmentalisation. When we talk about the specialisation refers to the job specialties that is required in the people in the to perform the work is there. Now, the shape describes the number of people in the organisation units are the span of control at each level is there.

Distribution of power can be here vertical determining the flow flat or the hierarchy of the organisation is. It can also be lateral referring to the moment of power to a department dealing with the critical issues. Departmentalisation is the formation of organisation units on the dimensions of functions, workflow processes, markets, customers and geography is there. So, processes are the flow of information and decision

processes across the organisational structure and vertical processes allocate the funds and talent while the horizontal lateral processes or the workflow are there. So, you will like to do the business or the companies will like to go for the business where this all these the comparative advantages are there maybe for the labour cost is there, production cost is there and here we will find that is it is has been advantageous for the organisation.

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People refer to the aligning the human resource policies and functions to develop both people and the organisational capabilities are there. Now, when we are talking about the holonic enterprise model. So, in holonic enterprise model, we find out that is the enterprise is here the structure is there and it is about the different resources which are managed in the enterprise. So, the holonic model serves global virtual organizations by aligning self-directed information and resource management linked through the internet. So, the holonic enterprise operates on the three levels, dynamic virtual clusters, execution control, control execution and the execution is there.

So, here we will find infrastructure is there that is the EC and that is execution control is there that is about the resources are there. Now, this is organization which are having these operates on these different these three factors of the execution control, control execution and the executions are there. Now, when the global enterprise collaborative level is there in the enterprise meaning of the world, companies enter a collaborative hierarchy to produce the products or services. We have traditionally regarded this as a supply chain moving from the customer to the producer are there. However, when we regard the customer construct as a holistic enterprise, we see that the each holonic seeks to the optimise the efficiency.

It operates as an independent entity in collaboration with the extended enterprises there. A customer in the chain seeks to work with the most efficient and the responsive supplier. The supplier aims to sell to the most profitable customer is there. When the result in an organization of the whole collaborative it is intra enterprise is there. When we talk about the intra enterprise level, the each enterprise in the holocracy must organize its internal resources to deliver according to the coordination requirements of the collaborative cluster.

This organisation requires planning and the dynamic scheduling of the resources including these functionality configuration is there. A failure such as the machine

downtime that requires a re-clustering of the enterprise resources and that we have seen in the task distribution patterns are there. And in the task distribution pattern when we are talking about that each enterprise is having the different structure. The machine physical agent level is there and the third level managers the distributed control of the machines and that performs the work. The distribution is done through these agile manufacturing using self reconfiguring intelligent distributed automation elements are there.

The flexible organization model that is having the protect the core and the disrupted at the edge is there and find discrete areas the edge that requires the agility and disrupt them using on their incubation model separate from the core organisations. The unleashed networks teams are there and create the cross functional autonomous teams organised by the specific outcomes. And these teams will require a new type of leadership with the coaching and development skills and expertise in the team dynamics are there. When we talk about the adopt a collaborative system mindset, then they give up your organisational charts with their boxes and lines. A network of teams requires a holistic understanding of the connections points are there and not the lines.

So, of authority a soil function will have little use instead use connection points then to unlock the power of the social dynamics are there. So, here in this structure you find it is not into the hierarchy rather than the points are connected and therefore, a collaborative system is developed where you are giving up this organisational chart is in spite of the hierarchy. So, create the conditions for the flexible organisation. So, here develop a common purpose that will become the glue that holds your team together through a shared culture. So, it will require a new leaders who are not commanders, controllers or the directors, but just the stimulators of the collaboration and the teamwork is there.

The global organisation structure provides a platform for the larger companies that can perform well by following a particular organisation structure and these could differ for the smaller organisations. So, and the structure should be chosen accordingly. The upper division and the staff are responsible for taking on the projects and accepting the projects that might be profitable for the company. The department in the lower division might be responsible for the suggestions the strategy that could be used in the any particular functions. The department below it uses these strategies and the performs to give out the best results from the organisation and a flat organisation structure works best for the small businesses.

Small and newly established businesses need the fast functioning and the better communication with the customers or clients. Following the same organisational structure as the top organisations can prove costly for small organisations is the flat

structure is best for the such organisations. To make quick decisions and the complete the projects faster in time, the flat structure is best for the small business organisations are there. The global organisation structures that provides an organisation structure and structure system and that the organisations can follow. So, following a proper and well prepared structure increases the communication between the companies and the consumers and that helps in the organisations fast functioning.

Furthermore, when followed precisely a chain of command increases work efficiency and reduces the scope of error. Therefore, it is important to follow an organised structure and the departments hand out the task to the correct individual and an organisation structure thus the work output is precise and efficient. When given to these the concerned individuals, the work is performed well and the duplication could be avoided in the work productions are the properly followed. So, therefore, these organisation structures that is making you the more optional and it depends on the different factors. This is the case study the Colgate-Pomoleo company, please go through this particular case study and then you will understand that is the how these business development which is and communication where the products and team leaders many of them which have been the former country managers that they have worked on this particular.

And these over here the role of the organising the business that you will understand domestically and across the border is there. Now, this is the research paper which is talking about the organisational learning and the organisational design is there. Dear friends nowadays it is very necessary that is the organisational learning is required to be a continuous process and that culture is to be developed into the organisation. So, the purpose of this paper is to explore a new idea presenting the possible relationship between the organisational learning and the organisational design is there. Now, the finding of this paper is organisational learning theory has been used to understand several organisational phenomena like the resources and competencies, tacit knowledge or the role memory in the organisation.

However, it is difficult to identify fits and consequent misfits between the organisational learning and the organisational design is there. Here this paper is having these practical implications what I would like to say that it is possible to design your organisation. So that you can go for the organisational learning which is a necessity of the day. This is the another paper that is the organization design perspective in the project based organization a structured review is there. The purpose of this paper is to use an organizational design perspective to determine the scope of the state of the art of the research into the project based organisations are there.

And here you will find that is how interdependencies is there among the different elements of the organisations are there and this paper will be helpful you to understand the project based organisations and their designs, how the designs are required, use a develop framework on the management discussions are there. This is the book that is the Networked, Scaled and Agile is there and this book authors are the Amy Kates, Greg Kesler, Michele DiMartino and the Julie Sweet is there and this is talking about a design strategy for the complex organisations. While technology and geopolitical forces they are changing the face of the business today, the pattern and challenges of the organisation humans to work together across the organisation culture, language and time zone boundaries remain which we have talked in the beginning. That is the how these particular aspects they are working on this across the boundaries are there. So, naturally this language cultures and organizations need to be agile, network and scalable.

Networked, Scaled and Agile reveals how to shape organizations that will enable people to make the faster and better decisions in a more complex world. By outlining these tension between the need for the agility, differentiation, scale integration, the book offers a new way to think about this debate using the models of the tower vertical integration and the square horizontal integration. It addresses the role of the leadership team and how the organisation design process can build the C-suit leaders and successors. Each chapter concludes with a series of reflection questions that for leaders as well as the summary of key concepts and the tips are there. These are the references which you can refer for your further studies and understand that is the how we can go by these the different types of the organisations whether domestic is there, international is there, multinational is there or the global is there and these organisations how we can go for these designing of the organisation and making this organisation more effective.

These are the further references which you can refer for your readings so that you can get detailed in-depth knowledge about this organisation, these types of organisations across the boundaries and how to make the more and more the managerial effectiveness. Thank you.