
UNIT 4 SOME BASIC ORGANISATION DESIGN AND RESTRUCTURING STRATEGIES

Objectives

After reading this unit, you should be able to understand:

- the meanings of organisation design and restructuring,
- the evolutionary process of organisation design,
- the universal perspectives of and the new perspective on organisation design,
- organisational restructuring strategies.

Structure

- 4.1 Introduction
- 4.2 The Design Process
- 4.3 Evolutionary Process of Organisation Design
- 4.4 Universal Perspectives of Organisation Design
- 4.5 From “Strategy- Structure” to “Process”: The New Perspective on Organisation Design
- 4.6 Restructuring Strategies
- 4.7 Summary
- 4.8 Self-Assessment Questions
- 4.9 Further Readings

4.1 INTRODUCTION

Every organisation has certain basic parts that are made up of people who perform, supervise, and plan besides those who render support services and technical advice. As such, studying the structure or design of an organisation means analysing how these parts are put together, who reports to whom, the degree of centralisation or decision making power concentrated at the top, the extent of rules, policies, regulations, and procedures in the organisation. The building of the initial structure of an organisation may be based on the conditions prevailing in the society and the industry characteristics prevailing at the time and the personality of the founder (entrepreneur). As the organisations grow in their size from small to large over a period of time, their priorities do change and it becomes necessary for the organisations to make changes in the organisation design in order to ensure that the organisations function efficiently.

Modern organisations are open systems. They are in constant interaction with the external environment. As such, any change that takes place in the environment — social, political, technical, economic, legal — have implications for the organisations. In order to remain competitive, organisations respond to the pressures exerted by the environmental factors. The nature of their response depends upon the degree of the pressure. Normally, organisations respond by formulating new business strategies when the degree of pressure is high. Changes in strategies often necessitate changes in organisation design. Thus, restructuring of organisation design becomes inevitable when the environment for the organisation becomes turbulent and unstable.

Organisational Design
Burton and Thakur (1995) define *organisation design* as the total pattern of structural elements and patterns used to manage the overall organisation. Organisation design should be seen as a tool for implementation of organisational strategies and the attainment of organisational goals.

According to Banner and Gagné (1995), studying the structure of an organisation means analysing the following:

- how an organisation is put together;
- who reports to whom;
- the degree of centralisation or decision making power concentrated at the top; and
- the extent of the rules, policies, regulations, and procedures in an organisation.

4.2 THE DESIGN PROCESS

Any organisation's design process involves both science and art. The design does not evolve purely by principles alone. The circumstances of the organisation and the whims and fancies of the entrepreneur (chief executive) also influence the design of an organisation. Within the organisation, often there is a trade-off between conflicting considerations and goals. Herbert Simon suggests that as an alternative to the principles of design we must attempt to understand the decision making and communication processes which produce the effect.

Allen suggests a seven-step sequence that could be followed to set the design process into action. Those are:

1. Identify the major objectives of the firm and derive primary line functions needed to accomplish the objectives.
2. Organise from the top down by establishing a scalar change of authority and responsibility.
3. Organise from the bottom up by integrating the activities of each function.
4. Decide what management positions are needed for each activity.
5. Identify positions in group related work.
6. Seek groupings to ensure balance in the distribution of resources.
7. Check whether the spans of control are appropriate.

4.3 EVOLUTIONARY PROCESS OF ORGANISATION DESIGN

Organisations develop from small to large units by moving through four stages of a life cycle: birth stage, youth stage, middle stage, and maturity stage. This process of development is accompanied by corresponding changes in the organisation design (Burton and Thakur, 1995).

Birth Stage: This is the stage when the organisation is created. At this initial stage, the organisation's decision making is highly centralised. The organisation is informal. There are usually few rules and regulations, no professional staff and no internal system for planning.

Youth Stage: During this stage, additional employees are employed as the sales for the company's products and services increase.

Although authority is fairly centralised, a few trusted employees are involved in decision making process. Some informal rules and procedures are involved. There are now a few professionals and administrative personnel in the organisation. The division of labour begins to occur as the newly formed departments are assigned tasks.

Middle stage: By the time the organisation reaches this stage, it has become somewhat successful and grown in size. Its structure is similar to that of a formal bureaucracy with formalised departments, supporting staff departments and many professional and clerical staffs. A large set of rules and procedures have been introduced. Authority has been effectively decentralised. The division of labour has become extensive.

Maturity Stage: During this stage the organisation becomes very large and mechanistic. A set of bureaucratic rules, regulations and policies prevail. Decision making is centralised. The division of labour is highly refined. As a result of the rigid virtual hierarchy, the organisation is on the brink of stagnation. At this stage, the organisation attempts to become innovative and flexible. As such, it decentralises authority within the lateral structures such as liaison personnel, task forces, and project teams.

Thus, it is clear that an organisation's structural characteristics undergo different stages of organisation's life cycle.

4.4 UNIVERSAL PERSPECTIVES OF ORGANISATION DESIGN

The mechanism of organisation design is still not mature to offer theoretical principles and proven practices which would encompass a variety of organisations (Lomash and Mishra, 2003). However, there are universal perspectives of an organisation design: 1) the bureaucratic model; 2) the behavioural model; and 3) the contingency perspective.

4.4.1 The Bureaucratic Model

Max Weber, a German sociologist, conceptualised the idea of bureaucracy. Central to his work is the development of the concept of the bureaucratic organisation design. According to Weber a bureaucracy is defined as organisation founded on a legitimate and formal system of authority.

The Weberian approach held that an ideal organisation should have the following characteristics:

1. A division of labour based on functional specialisation.
2. A well-defined hierarchy of authority so that the scalar chain of command runs from the top of the organisation to the bottom.
3. A system of rules covering the rights and duties of employees.
4. A system of procedures for dealing with work situations.
5. Promotion and selection based on technical competence.
6. Impersonality of interpersonal relations. All managers should conduct business in an impersonal manner, maintaining an appropriate social distance from their subordinates.

One of the basic strengths of this model is that this was the first model of organisation design developed, and it still serves as the basic foundation for the understanding and application of newer organisation design approaches. However, this model has many drawbacks. The major drawbacks are :

Organisation Design tends to get bogged down with the rules and regulations, and in this process loses sight of the actual objectives of the organisation; and (2) it is not well-suited for a changing and uncertain external environment. Bureaucratic structures can become so rigid and formalised that organisations simply cannot change fast enough to cope with external change.

4.4.2 The Behavioural Model

This model has evolved from the Human Relations School of management thought. In the classical *bureaucratic model*, an individual is not identified and the effect of an entire group is considered in the total process of management. On the contrary, in the *behavioural model* the performance of an organisation is believed to depend on human beings, their behaviour, characteristics and their mutual relationships emerging from work patterns and organisational settings. The important factors which play significant roles are needs, motivations, attitudes, values, leadership, group behaviour, perceptions, communications, responsibility and authority relationship, etc. (Lomash and Mishra, 2003). In other words, the behavioural models of organisation design reflect the social and psychological implications of organisational life. The most popular behavioural models of organisation design—the socio-technical systems theory and Likert's System 4 Organisation—are briefly explained here.

Socio-technical Systems Theory

The *socio-technical systems theory* was developed by Eric Trist and K.W. Bamforth through their study of alternative methods of coalmining; and A. K. Rice and his colleagues through their research at England's Tavistock Institute. The socio-technical approach is based on the need to balance an organisation's human side with its technical and mechanical side. As such, this theory focuses on two systems: (1) a *social system* that provides the framework for all the human interactions that sustain both formal and informal organisations; and (2) a *technical system* that provides the framework of the tasks that produce the organisation's goods and services. For example, the *technical systems* involved in the production of aluminium include the equipment / machinery and operations such as crushing and grinding the ore (Bauxite), desanding and desilication, settling, washing and filtration, precipitation and classification, and conversion of alumina into aluminium metal. On the other hand, the *social system* that operates the equipment and performs the operations includes individuals and groups whose interests, ideas, creativity, motivation, and needs must be maintained. Thus, the *socio-technical model* contends that management must give equal importance to the technical system and the social system of the organisation in order to ensure the efficient and effective functioning of the organisation.

Likert's System 4 Organisation

Rensis Likert was a social scientist at Michigan's Institute for Social Research. Likert discovered critical relationship between organisational design and organisational effectiveness. His research focused on eight characteristics of organisations: the leadership process, the motivation process, the communication process, the interaction process, the decision process, the goal-setting process, the control process, and performance goals.

He observed that organisations tend to incorporate these characteristics through four different approaches, which he called Systems 1, 2, 3, and 4. Of these four, Systems 1 and 4 have made significant contributions to organisational design theory.

Likert's System 1 represents bureaucratic form of organisation design (information flows only downwards and distorted centralised decision process,

goal-setting process located at the top of the organisation, centralised control process, group-participation discouraged) and his System 4 represents a behavioural form of organisation (information flows freely throughout the organisation and undistorted, decentralised decision process, goal-setting process encourages group participation in setting high realistic objectives, control process dispensed throughout the organisation and emphasises self control and problem-solving).

On the basis of his studies, Likert concluded that organisations should adopt System 4 approach to organisation design.

The most significant strength of Likert's System 4 is that unlike the bureaucratic model which treated workers as if they were impersonal, System 4 behavioural model recognises the unique value of each and every member of the organisation. A major weakness of System 4 approach is that it was based on the premise that there is only "one best way" to design organisations. It is well established that what works for one organisation may not work for another (Burton and Thakur, 1995). There is a strong evidence that the best way to design a given organisation depends on a number of contingency factors.

4.4.3 The Contingency Perspective

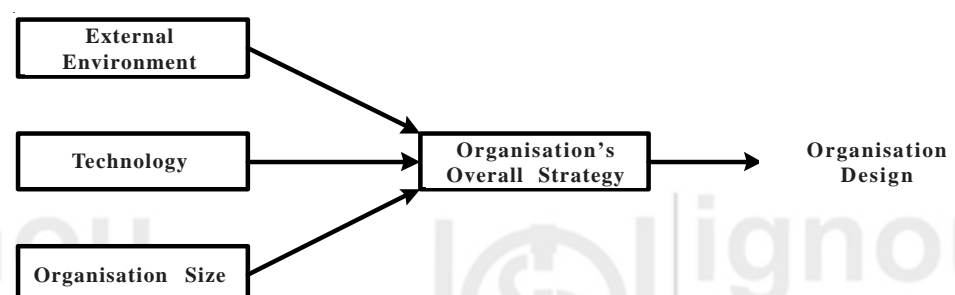
The *contingency perspective* on organisation design is founded on the premise that the best design for any organisation is dependent on a number of situational factors. The most critical situational / contingency factors are :

1. External environment
2. Technology; and
3. Organisation size

Organisations can be *open systems* or *closed systems*. A *system* is a set of interdependent parts forming an organic whole. The *open systems* have permeable boundaries and they constantly interact with their external environment. As such, they can act on the environment and are affected by the activities in that environment. The *closed systems* have no such transactions with the external environment. They are self-contained and operate independently of their external environment. For the purpose of our discussion, we assume that modern organisations are open systems that interact with their environments.

As the objectives of an organisation are derived from the overall strategy of the organisation, it is natural that an organisation's design is closely linked to its strategy. As such, if a management makes a significant change in its strategy, the organisation's design needs to be modified to accommodate and support that change. There is considerable empirical evidence to indicate that choice of an organisation's strategy is determined by the contingency factors as illustrated in Figure 1.

Figure 1: Contingent Determinants of Organisation Design



An organisation's strategy describes the organisation's goals and the ways the organisation expects to reach those goals. An organisation's strategy may need to change as changes occur in its external environment.

There is strong support from empirical research for the fact that "*structure follows strategy*". The strategic planning process of an organisation plays a mediating role between the external environment, the organisation's design, and the technical process i.e. the system the organisation uses to produce its products or services. For example, the strategic planning process can react to the uncertainties in a product's market (external environment) by increasing innovation relating to its product. For carrying out this product innovation successfully, the organisation's design and / or technical process will have to be changed.

External Environment

Any organisation is surrounded by the 'general environment' and the 'task environment'. The *general environment* consists of economic, technical, socio-cultural, political, legal, and international dimensions which have an impact on the organisation and its task environment. The *task environment* comprises of customers, competitors, suppliers, and government agencies.

Burns and Stalker (1961) discovered, through their research in England, the linkages between organisation design and the environment. They identified two contrasting forms of environment: (1) a stable environment that remains fairly constant over the time; and (2) an unstable environment which is subject to change and uncertainty. Through their study of different organisations operating in these two environments, they found that the organisations in stable environments tended to have a different kind of structure than those operating in unstable environments. Burns and Stalker called these organisations (having two different forms of structures) *mechanistic* and *organic* organisations.

A *mechanistic organisation* is in many respects similar to Max Weber's bureaucratic organisation or Likert's System 1 organisation. Generally found in stable environments, the *mechanistic organisation* is characterised by rules, regulations, standardised procedures and centralised decision making.

An *organic organisation* resembles the behavioural model and Likert's System 4 organisation. It is generally found in unstable environments. Due to the frequent changes in the environment, *organic organisations* adopt flexibility, non-routine methods, few rules and regulations (which are not often written down), decentralised authority and create autonomous work teams.

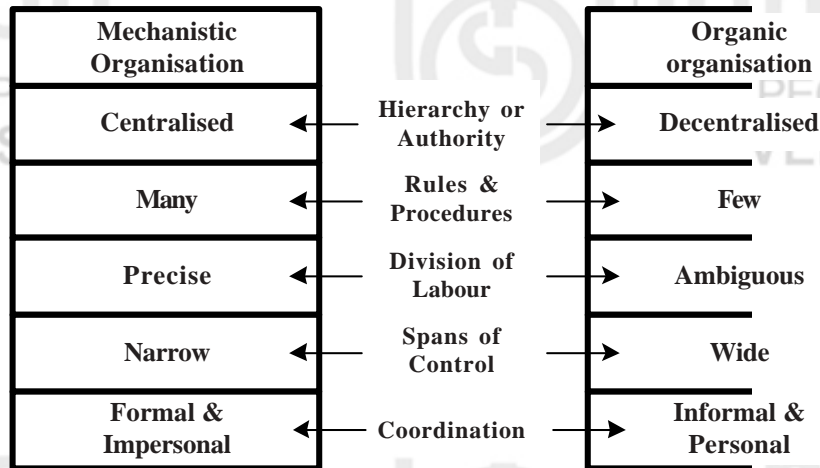
Figure 2 illustrates the different characteristics of organic and mechanistic organisations.

The work of Burns and Stalker was expanded by two Harvard Business School researchers, Paul Laurence and J. Lorsch . Their research indicated that as environments become more uncertain, organisations need special coordination mechanisms such as liaison managers, task forces, and teams.

Technology

Technology refers to the process by which an organisation converts the inputs (people, materials, equipment, money, plant, and facility etc.). The process may be mechanical as in manufacturing organisations, or it can be a service to clients as in banks, hospitals or insurance companies. The process can also be largely mental as in organisations that solve the problems or create new ideas,

Figure 2: A Continuum Of Organisational Designs Strategies: Mechanistic and Organic Organisations



Source: John Sechremerhorm, 1989. *Management for Productivity*, New York: John Wiley & Sons, p. 204

products and services. R & D organisations, advertising agencies and software development firms are examples of the latter.

The research examining relationship between technology and organisation design has aroused considerable controversy. While some studies such as those by Joan Woodward, James Thompson, Charles Perrow and Howard Aldrich support technology as a contingency factor of organisation design, other studies do not. For example, the Aston Groups' study conducted in Birmingham, England concluded that organisation size was more important than technology as a determinant of structure.

On the basis of the findings of the studies that supported technology - design linkage, the following conclusions have been drawn:

1. Unit and process technologies work better with smaller spans of control and organic structure, whereas mass production technology flourishes with wider spans of control and bureaucratic structure.¹
2. Routine technologies feature bureaucratic structure — centralised decision making that uses formal written rules and procedures to guide decisions. However, organisations that use routine technologies and have many professionals use fewer formal procedures than organisations with fewer professionals.
3. Organisations that use complex non-routine technologies have more departments, fewer levels of authority, and more participation in decision making than that use more routine technologies. For such organisations, an organic structure is appropriate.
4. New Information Technology allows for reciprocal interdependency among the parts of an organisation, which in turn, flourishes in an organic structure rather than a bureaucratic one.

¹ Unit or small batch production technology produces goods in small batches of one or a few products that are designed to customer specification. Examples include locomotives, submarines, space satellites, and custom clothing.

² *Mass or large-batch production technology* produces large volumes of products through standardized production runs. Examples include automobile assembly lines and the large batch processes that produce appliances.

³ *Process production technology* provides a completely mechanized workflow, and is the most sophisticated and complex form of production technology. The machinery does all the work, while employees read gauges, monitor cathode ray tubes (CRTs), maintain and repair machines, and manage the production process: Examples include petroleum refineries, chemical plants and nuclear power plants.

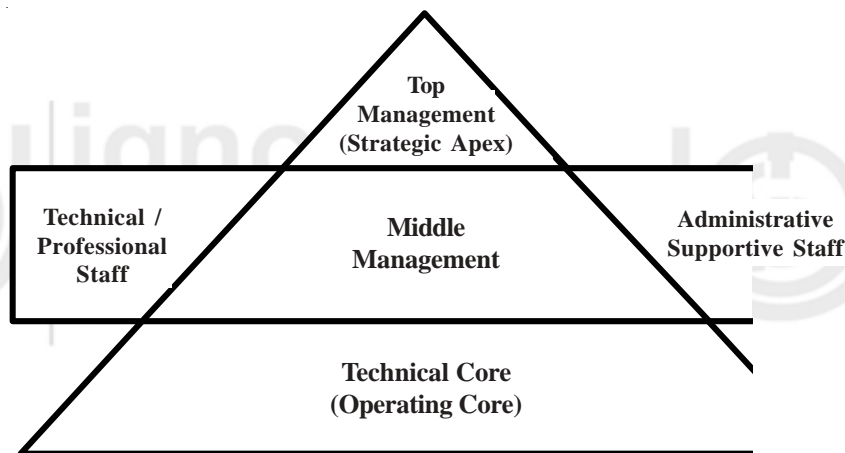
Research tells us that large organisations have different structural features than small organisations. Typically, small organisations have little specialisation, few formal written rules and procedures, and narrow spans of control, informal decision process and a simple design. By contrast, large organisations tend to have elaborate specialisation, many formal written rules and procedures, more formalised relationships, and use a decentralised form.

Mintzberg's Typology

Henry Mintzberg's typology for integration of organisation structure to contingency factors provides a clear understanding of the linkage between an organisation's business strategy and organisation design.

Mintzberg believed that every organisation has five basic parts as shown in Figure 3. The *top management* is created at the very top of each organisation. This part is also known as 'strategic apex'. The *middle management* is found at the intermediate level. In the bottom is the *technical core*, which is otherwise called as 'operating core'. These three parts are shown in a sequence indicating a single line of hierarchical authority. In other words, the *line function* is the chain of command that runs from top management to the technical core.

Figure 3: The Five Basic Parts of Organisation



Source: Henry Mintzberg, 1979. *The Structuring of Organisations*, Englewood Cliffs, New Jersey: Prentice Hall.

The *technical and professional staff* personnel are shown to the left of the middle line. These personnel are the engineers, researchers and systems analysts, who assist in the creation of the many plans and controls that are applied to the technical core. The *administrative staff* shown to the right of the middle line performs such indirect services as maintenance, accounting, and clerical. According to Mintzberg, the relative size of each of these parts is determined by the organisation's contingency factors.

Mintzberg further proposed that each of these five organisational parts combine together in five basic forms : (1) simple structure, (2) machine bureaucracy , (3) professional bureaucracy (4) divisionalised form, and (5) adhocracy . Table 1 gives details of the main features of these five forms.

Simple Structure

This form of structure typifies the firm when it is small and entrepreneurial. The structure consists of a top manager and only a few workers (assistants) performing overlapping activities. While they may be a very small administrative

staff, the technical / professional staff are virtually absent. Its other features are centralised decision making, informal coordination, and minimal division of labour. Organisations employing service technology or small batch processing technology adapt this form of structure. This structure adapts well to the environment. Its goals are stress survival and innovation.

Table 1 Characteristics of Mintzberg's Five Organisational Types

	Simple structure	Machine structure	Professional bureaucracy	Divisionalised form	Adhocracy
Structure					
Approach	Functional	Functional	Functional, sometimes hybrid	Division, hybrid	Matrix
Formalisation	Low	High	Low to moderate	High within divisions	Low
Centralisation	High	High	Low to moderate	Decentralised to divisions	Low
Lateral relationships	Few	Few	Many	Some across divisions, many within divisions	Many, built into structure
Configuration					
Technical / Professional support staff	None	Many	Few	Many headquarters departments	Many-part of matrix
Administrative support staff	Few	Many	Many	Many within divisions	Many
Contingency					
Environment	Simple, changing	Stable, certain	Stable, complex	Complex, changing	Unstable, uncertain
Technology	Routine product or service	Routine product or service	Service	Divisible, varies across divisions	Non-routine, sophisticated
Size, life cycle	Very small,	Large, mature	Any size, age	Large, mature	Moderate, midlife
Strategic objectives	Innovation, survival	Efficiency	Innovation, quality	Adaptability, efficiency	Innovation, adaptation

(Source: Mintzberg, 1979)

Machine Bureaucracy

The *machine bureaucracy* is usually found in a large company organised along functional lines with little lateral coordination. Its other features are: bureaucratic principles with heavy specialisation, many rules and regulations, centralised authority, large technical/professional and administrative staff and formalised processes. Organisations adopting routine services or mass production technology use this form of structure. The environment of the organisations using this form of structure is generally stable. The goal of the organisation is to improve internal efficiency.

Professional Bureaucracy

This form of structure is usually found in big functionally designed organisations employing professional people. These organisations adopt non-routine service technology (in which new problems arise everyday and task variety is very high and in which employees rely on experience, education, training and trial and error search for alternative procedures as there are no readymade procedures for the problems that are encountered). Hospitals and universities are the best examples. Although highly formalised, these organisations decentralise the decision making authority to those professionals who are actually engaged in the non-routine services. Organisations having this structure operate in complex and relatively stable environments. Their goals are innovation and quality. As

Organisational Design the core tasks are performed by the professional staff, the technical staff is small. But there is generally a large administrative staff.

Divisionalised Form

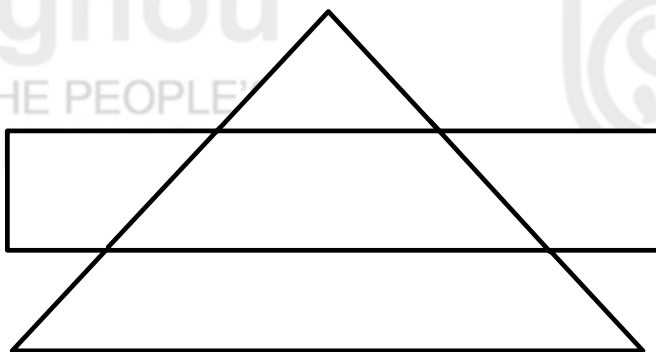
Typically, a *divisionalised form* of organisation is a large organisation having different subunits (divisions) within it, such as product or market subunits. These units have few lateral coordinating devices. They are also provided liaison service by the corporate level personnel. Decision making is decentralised. Each division is fairly autonomous. The units/divisions may have varying non-routine manufacturing technologies. The organisation's external environment tends to be stable. The technical staff is concentrated at corporate headquarters and it provides services for all subunits/divisions. The administrative support is available within each division.

Adhocracy

This form of organisation is much like a matrix organisation . It evolves in complex environments. The technology used by the organisation is sophisticated. The structure of the organisation tends to be informal. There is dual chain of command for the purpose of coordination of different activities. Another feature is that the administrative staff is large, but the technical support staff is small as most of the technical work is performed by the experts located in the technical core.

Activity A

Fill the basic parts in Figure 3 with the typical job titles of an organisation with which you are familiar. State the functions/ activities performed by the people in various positions in each part.



Activity B

(i) Identify the strategy being adopted by an organisation with which you are familiar; and examine whether corresponding structural changes are being made in the organisation design.

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(ii) Make a brief analysis of the contingent factors that have influenced the strategy of the said organisation.

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4.5 FROM “STRATEGY-STRUCTURE” TO “PROCESS”: THE NEW PERSPECTIVE ON ORGANISATION DESIGN

Bartlett and Ghoshal (1992) consider the studies on *strategy-structure relationship* by Chandler (1962), Stopford and Wells (1972), Daniels, Pitts and Tretter (1984) and Egelhoff (1988) as the first generation approaches to organisation design because the complexity and dynamic nature of environmental demands has made the structural fit (strategy-structure linkage) less relevant and harder to achieve. Coupled with this, there has been a growing realisation that just focusing on *organisational structure* may not be enough to implement complex strategic concerns successfully. Therefore, a second generation of models of organisation design have been developed which focus on the *management process* that will make strategic decision work.

The second generation models are based on the premise that all structured forms are not equally effective in implementing a given strategy, and therefore, the role of the management is to create an internally consistent and balanced design.

Design Parameters for Second Generation Organisation Design Models

In order to create an organisation design that is internally consistent and balanced, the following design parameters can be used (Jaap Paauwe and Philip Dewe, 1995):

- Structural and formal coordinative mechanisms;
- Systems and tools (administrative mechanism);
- Cultural transformation (socialisation , normative integration).

Structural and Formal Coordination Mechanisms

These include: centralisation, formalisation, and specialisation

Centralisation (or decentralisation) refers to whether the power of decision making lies at the upper or lower levels of the chain of command.

Formalisation: (also called *standardisation*) indicates the extent to which the policies, rules, job descriptions etc. are written down, and the procedures are established through standard routines.

The degree of *specialisation* refers to the number of specific tasks that are carried out through separate and distinct functions.

Systems and Tools (Administrative Mechanisms)

The coordination mechanisms mentioned above will need to be supported and supplemented by various systems and tools (also called as *administrative mechanisms*). Some of the *administrative mechanisms* are: data management mechanisms, manager’s management mechanisms, and conflict resolution mechanisms (Y. Doz and C. K. Prahalad, 1981)

Data Management mechanisms include information systems, measurement systems, resource allocation procedures, strategic planning, budgeting processes. *Manager’s management systems* refer to the choice of key managers, career paths, rewards and punishment systems, compensation schemes, management development and pattern of socialisation.

Conflict resolution mechanism include coordination committees , task forces, issue resolution processes.

Cultural Transformation (Socialisation/Normative Integration)
 In order to deal with all the diversity and complexity involved in managing an organisation effectively, the socialisation of managers in key positions is crucial. In other words, the managers have to internalise certain values so as to be in a position to make strategic choices and operational decisions that are in line with the mission and goals of the company and with the relevant values of the company.

The socialisation can be facilitated through:

- job rotation, regular transfer of people, management development;
- building up an informal network through management development programmes;
- international conferences and forums to facilitate international and inter-unit transfer of knowledge and learning;
- task forces;
- encouraging informal communication channels.

4.6 RESTRUCTURING STRATEGIES

An analysis of the empirical studies on the relationship between organisation development strategies and structures indicates that there is a certain pattern in the relationship between the two.

Table 2 gives a summary of relationship between strategies of organisational development and structure.

Table 2: Summary of Relationships between Strategies of Organisation Development and Structure

Strategies of organisational development	Structural changes that are often assumed to be outcomes
Organisational growth Growth in size per se	Increased vertical differentiation—lengthening hierarchies—Growing number of jobs and departments—horizontal differentiation Rising formalization Increased delegation Possible economies in administration, offset by rising problems of administering complexity
Growth via diversification	Increased specialisation of skills and functions Divisionalisation of major subunits Rising formalisation, especially of planning and resource allocation-procedures Increased delegation
Technological Development	Growth of specialised professional staff Increased specialisation of skills and functions Other structural concomitants depend on the type of technology employed
Acquiring a secure domain through non-competitive means— especially joint programmes	Establishment of new roles, especially to manage relationships with other organisations Increased delegation More active internal communications via lateral relationships

Improving managerial techniques with a view to enhancing flexibility

Depends on methods adopted, but usually associated with: Establishment of new specialised roles to service vertical information systems—for example, computer-based systems—are to promote lateral coordination More active internal communication via lateral relationships
Increased delegation

Source: John Child and Alfred Keiser, 1981. “Development of organisations, over time” in Paul C. Nystrom and William H. Starbuck (Eds.), *Handbook of Organisational Design* (Vol. 1), London: Oxford University Press, p.39

The four strategies of organisational development outlined in Table 2 are by no means mutually exclusive. Their choice and combination depend largely upon circumstance. Growth, for example, is possible through increase in volume of operations or through acquisitions. Both need different approaches. The degree of diversification varies depending on the company’s share in the market, technological synergy, government regulations, management capacity etc.

As organisations seek to become flexible, or to retain flexibility in the face of growing complexity and as they employ larger number of professional and trained personnel, the forms of effective and acceptable control and integration within the organisations change. This means that the familiar model of bureaucracy needs to be modified. The problem of elongation of organisational hierarchies and the serious problems thereof need to be tackled through policies aimed at increasing spans of control, and , thereby, delegation of responsibility. Organisational control systems have to shift from an emphasis on the specification and supervision of means— how people are to behave and carry out their work — towards an emphasis on results.

4.7 SUMMARY

In this unit we have outlined the seven-step sequence suggested by Allen that could be followed to set the organisation design process into action. We have described the evolutionary process of organisation design and noted that organisation’s structural characteristics undergo different stages of organisation’s life cycle. We have discussed the universal perspectives of organisation design— the bureaucratic model, the behavioural model, and the contingency perspective — in order to understand the theoretical principles and different variable of organisation design. We have examined why the “structure follows strategy” approach to organisation design has been considered less relevant and harder to achieve.

We have briefly discussed the new perspective on organisation design which focuses on the *management process* that will make strategic decisions work. We have noted that the restructuring strategies have to be appropriate to the development strategies.

4.8 SELF-ASSESSMENT QUESTIONS

1. Briefly describe the evolutionary process of organisation design.
2. Outline the universal perspectives of organisation design.
3. Briefly explain the design parameters of second generation of models of organisation design.

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