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Industrial structures as competitive factor in organization development

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Abstract

This paper analyses Organization Development theory, thinking of structure as important factor for company competitiveness. Company`s structure is presented as important instrument Organization Development theory, author broadly analyses the change process as core point in building company structure, the level of responsiveness of organizational structure to external and internal environment fluctuations. The change concept in organization structure is discussed from the efficiency point. Organization Structure models are presented as change instrument for controlling environmental change. The process of change is in focus in this paper, soon as external environment is becoming more and more dynamic and unpredictable.

Keywords: organization structures; management; industrial organization, development theory.

1. Introduction

Organization development (OD) is a new term which means a conceptual, organization-wide effort to increase an organization's effectiveness and viability. Industrial organization (IO) economics contributes to company success. IO economics suggests an effective structure to conduct and performance. To sustain for the company in the marketplace, company`s strategy focus on building competitive advantages over the competitors, usually by assessing what competitors do and striving to do it better. Organizational structure plays a key role in an enterprise's ability to function effectively by ensuring the implementation of chosen strategies, putting right people in the right

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jobs and enabling achievement of short term and long term goals more successfully. OD was irreversibly heightened more than 30 years ago by the contribution of Burrell and Morgan (Burrell & Morgan, 1979), in their influential Sociological Paradigms and Organizational Analysis. Burrell and Morgan undertook a significant effort at uncovering the underlying theoretical underpinnings of various competing perspectives on the nature of organizational functioning.

One of the most important distinctions made is Weick's (Weick's, 1979, 1995) redirecting attention from organizations to Organizing. Focusing on Organizing, Weick has argued that organizations are not ready-made entities with predefined properties waiting to be discovered by the researcher, as, for example, the famous Aston studies had assumed (Pugh, 1981), but systems of interaction that become organized.

The shift from seeing change as a fact, thus approaching it as a succession of states, to seeing change as permanent in organizations, has led several researchers to talk about 'organizational becoming' (Tsoukas & Chia, 2002) and continuous improvisation (Orlikowski, 1996, Weick, 1998). Organizational analysis could be engaged from two different levels. Viewed holistically as a functioning entity, there is a traditional empiricist science perspective that sees organizations as systems (e.g., Bertalanffy, 1973, Boulding, 1956).

2. Structure and Design

The difference between organization structure and organizational design can be confusing. Think of structure as the organization's basis, the fundamental framework and shape of the organization usually represented in the organization chart. Organization design relates to the various elements that make up structure. An effective organization structure and design is one that optimizes the performance of the organization and its members by ensuring that tasks, work activities and people are organized in such a way that goals are achieved. An efficient organization structure and design is one that uses the most appropriate type and amount of resources (e.g., money, materials, people) to achieve the goals.

But organization structure and design are not just a means of ensuring work and activities are structured and coordinated in the most efficient way, an effective structure also aids planning, decision making and minimizes work-related problems and conflict between departments and functions due to competing goals or unclear work expectations. Whereas early classical and scientific management studies focus on finding the one best way of structuring an organization (e.g., Weber's bureaucracy), contingency theorists argue there is no one organization structure and design that is appropriate to every organization – instead, managers need to understand which organization structure is most appropriate given their organization's goals, type of technology, product or service, and the environmental demands and constraints.

Managers therefore need to understand how to create an organization structure and design that takes into account all these contingencies and is both effective and efficient. To do so, they need to be able to analyse their own organization and its environment, determine the most appropriate design, implement, continually monitor and revise the structure and design to ensure it remains effective.

3. Change concept in organization structure

Kurt Lewin played a key role in the evolution of organization development as it is known today. As early as World War II, Lewin experimented with a collaborative change process (involving himself as consultant and a client group) based on a three-step process of planning, taking action, and measuring results. This was the forerunner of action research, an important element of OD, which will be discussed later.

Douglas McGregor and Richard Beckhard while "consulting together at General Mills in the 1950's, the two coined the term organizational development (OD) to describe an innovative bottoms-up change effort that fit no traditional consulting categories" (Weisbord, 1987).

Organization development (OD) is a new term which means a conceptual, organization-wide effort to increase an organization's effectiveness and viability. The core of OD is organization – a group working toward one or more shared goal(s), and development – the process an organization uses to become more effective over time at achieving its goals. Warren Bennis (Bennis, 1976) has referred to OD as a response to change, a complex educational strategy intended to change the beliefs, attitudes, values, and structure of an organization so that it can better adapt to new technologies, markets, challenges, and the dizzying rate of change itself. OD is neither "anything done to better an organization" nor is it "the training function of the organization"; it is a particular kind of change process designed