

What is an Organization? by Sumitava Mukherjee

“An Organization is a system of consciously coordinated activities or efforts of two or more persons”.- Chester Barnard, Management Consultant.

This definition of Barnard implies formal planning, division of labor and leadership.

Organizations can also be thought as “social entities that are goal directed, deliberately structured activity systems with a permeable boundary” according to Bedeian and Zamnuto.

There are a couple of things to be noted. If a couple of enthusiastic people plan and decide to help kids then they form an organization but, if a few people find a kid in trouble and helps the kid out (without conscious co-ordination and planning) then they don't form an organization.

In Bedeian and Zamnuto's definition, 'deliberately structured activity systems' basically means that the organizations are (on-purpose) structured so that it is possible to systematically divide complex tasks among multiple people or units to achieve a common purpose and 'permeable boundary' is a conceptual boundary (apart from the physical fencing) that defines who/what is a part of an organization. This is also related to brand management.

Effective Organization matters!

There are a couple of guidelines that people have proposed and seems to be applied in most classical organizations(In classical organizations hierarchy of power and responsibility flow from top to bottom).

- Each person in the organization should report to only one boss.
- The responsibility and authority of every supervisor should be expressed clearly in writing.
- Every person is responsible for the acts of her/his sub-ordinates.
- Every person should be assigned a single function (or as less functions as possible) based on specialization and skills of the person.
- The operation functions (line functions) and staff functions should be kept separate but line managers and staffs managers should be encouraged to coordinate to boost synergy.
- The span of control should be reasonable and feasible. [Span of control means the number of positions controlled by one person (mostly a manager).

Before we go ahead in our exploration of OB concepts, let's compare organizational structures (Mechanistic and Organic structures) and the comparison between centralization and decentralization.

Mechanistic and Organic structures.

Mechanistic is rigid, quite efficient bureaucracy which is reliable, stringent, logical, where responsibility is well documented and authority is legitimate.

Organic structures are based more on humanistic models and needs of personnel which pays importance to emotional and social needs of people. It also doesn't have rigid, stringent norms and authority isn't very clear.

Characteristics of an organization with a mechanistic structure :

1. Division of labor strictly through functional specialization.
2. Rules that define the duties and rights of personnel should be clear and well-defined
3. Procedures are pre-laid down to be used in different work situations.
4. Relationships and dealings should be impersonal among people.
5. Selection and promotion is based only on technical competence.

Some people argue that mechanistic forms treat people like workers and fail to recognize the importance of psychological needs of people.

Characteristics of Organizations which have an Organic structure:

1. Tasks and roles are less rigidly defined and there is little emphasis on formal specializations.
2. Atmosphere is collegial and hence there is more information exchange and discussion (instead of orders and directions).
3. Decision making is decentralized and decisions are taken on demand by people who are currently involved in the operations at hand (which also assumes that people at the top need not be the best person to decide for the problem at hand).
4. Boundaries inside the organization are flexible and horizontal relationships are encouraged across teams or departments who are equally important and/or responsive to the problem.

Centralization and Decentralization.

Centralization means that the authority for most decisions is concentrated at the top apex and in decentralization authority is delegated through all levels of the organization. As is the case mostly, neither is it possible to have a purely centralized organization except a very small company and it is also not possible to have complete decentralization.