

MNGT-C1010

ORGANIZATION DESIGN

MODULE 1 : Basics

Taija Turunen & Jori Mäkkeli

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Aalto-universitetet
Aalto University



MODULE 1: Basics of organization design

Themes: Introduction and practicalities. Organization design basics. Recognizing archetypes and design components of organization design.

Learning objectives: After the module, you are able to define what an organization and organization design is. You are also able to describe different archetypes and metaphors of organization and analyze basic forms of organizational configuration – simple, functional, divisional, and matrix (including their hybrids).

Mandatory readings:

Burton, R. M., Obel, B., & Håkonsson, D. D. (2021). Organizational design. Cambridge University Press. 3rd edition – Chapter 1

Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman Jr, H. J. (1978). Organizational strategy, structure, and process. Academy of management review, 3(3), 546-562.

MODULE 1: Readings & Sessions

Tuesday 13-15 – Lecture - U356 (ALMA MEDIA)

Themes: Organization design basics.

Readings: Burton, R. M., Obel, B., & Håkonsson, D. D. (2021). Organizational design. Cambridge University Press. 3rd edition – Chapter 1

Thursday 13-16 – Workshop - U356 (ALMA MEDIA)

Themes: Recognizing archetypes and design components of organization design.

Readings: Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman Jr, H. J. (1978). Organizational strategy, structure, and process. Academy of management review, 3(3), 546-562.

Optional: Reeves, M., Levin, S., & Ueda, D. (2016). The biology of corporate survival. Harvard business review, 94(1), 2.

Discussion on the readings

Burton, R. M., Obel, B., & Håkonsson, D. D. (2021). Organizational design. Cambridge University Press. 3rd edition – Chapter 1

Discuss in pairs:

- What did you find most interesting?
- What questions arose?

Focus of the day

We aim to address the following questions:

1. What is an organization?
2. What is organization design?

— Organization

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What makes an organization?

"systems of coordinated action among individuals and groups whose preferences, information, interests or knowledge differ" (March & Simon, 1993)

"an organization is the rational coordination of the activities of a number of people for the achievement of some common, explicit purpose or goal" (Schein 1965)

"as social structures created by individuals to support the collaborative pursuit of specified goals" (Scott 1981)

What makes an organization?

ORGANIZATION:

”(1) A MULTIAGENT SYSTEM WITH
(2) IDENTIFIABLE BOUNDARIES AND
(3) SYSTEM-LEVEL GOALS
(PURPOSE) TOWARD WHICH
(4) THE CONSTITUENT AGENT’S
EFFORTS ARE EXPECTED TO MAKE
A CONTRIBUTION.”

SIMPLY PUT:

(1) MORE THAN ONE PERSON
(2) WITH BOUNDARIES
(3) SHARED GOAL OR PURPOSE
(4) COORDINATION OF INDIVIDUAL
CONTRIBUTIONS

-PURANAM ET AL. 2014, P. 163



- (1) MORE THAN ONE PERSON
- (2) WITH BOUNDARIES
- (3) SHARED GOAL OR PURPOSE
- (4) COORDINATION OF INDIVIDUAL CONTRIBUTIONS



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What makes an organization?

SIMPLY PUT:

MULTIPLE AGENTS

IN A SOMEWHAT CLOSED SYSTEM

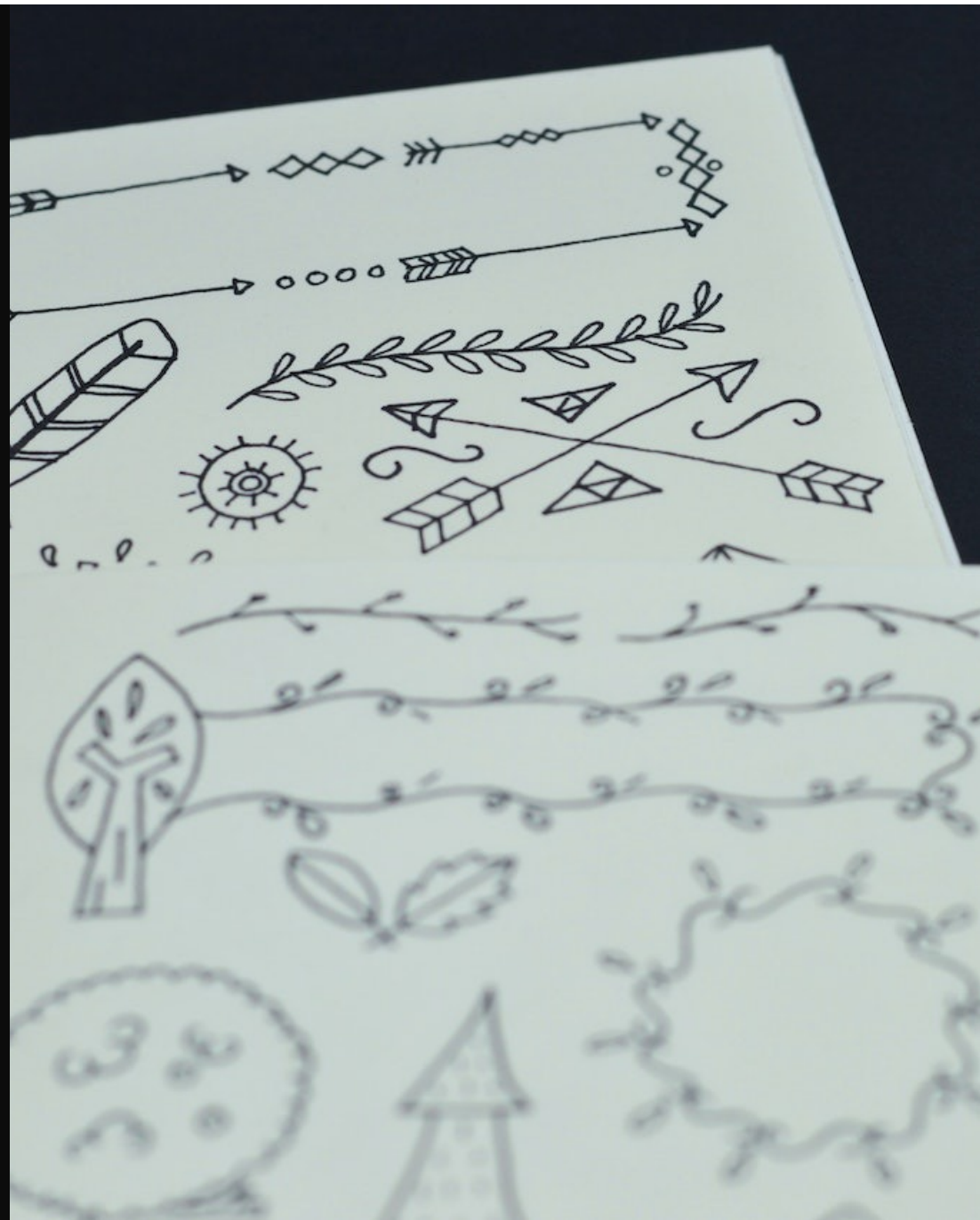
PURSUING SHARED GOALS

THROUGH COORDINATED ACTIONS

— Organization Design



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What is organization design?

SIMPLY PUT:

- A) MULTIPLE AGENTS
- B) IN A SOMEWHAT
CLOSED SYSTEM
- C) PURSUING SHARED
GOALS
- D) THROUGH
COORDINATED ACTIONS



We need a way to at least:

- a) Get a group of people
- b) Define goals for the group
- c) Decide the way you
collaborate to accomplish
your goals

Organization Design

OUTCOME:

“Organization design is deciding who does what when.”

- Burton et al. 2021, p. 7

PROCESS:

“We define [organization design] as explicit efforts to improve organizations.”

- Dunbar and Starbuck, 2006, p. 171

Organization Design

OUTCOME:

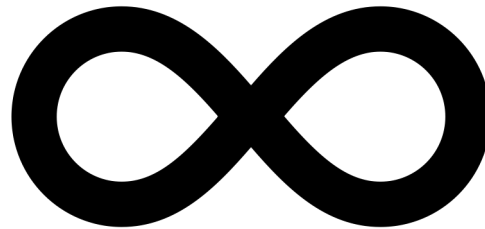
Strategy & Vision

Structures

Processes & Practices

Roles & Accountabilities

Etc.



Totally Entangled

PROCESS:

Who decides?

Who designs? For whom?

Who are involved? How?
When?

What are the design drivers?

Organization Design

OUTCOME:

Strategy & Vision

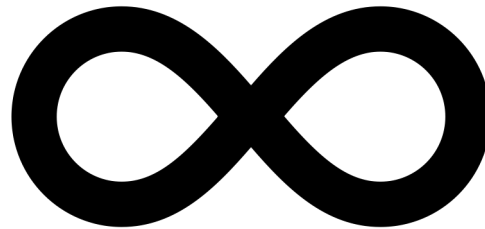
Structures

Processes & Practices

Roles & Accountabilities

Etc.

Focus of this course



Totally Entangled

PROCESS:

Who decides?

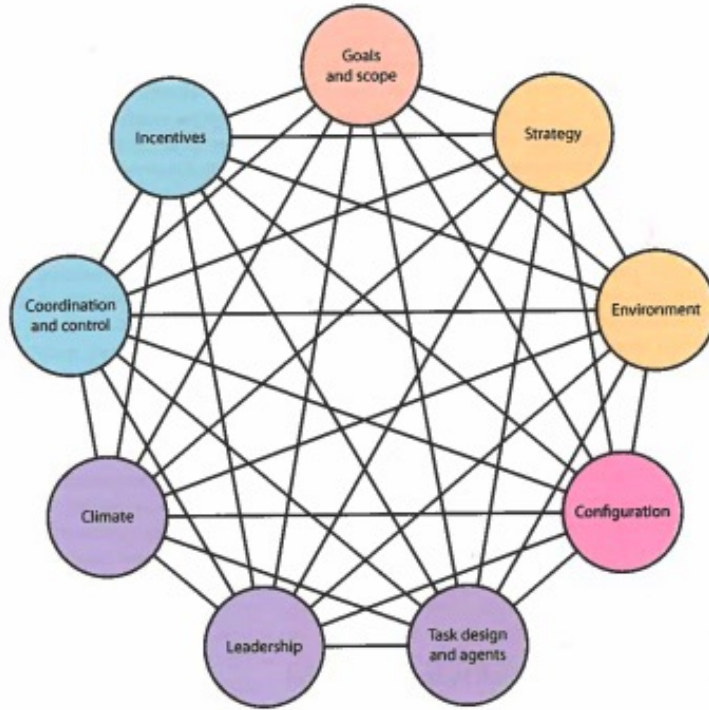
Who designs? For whom?

Who are involved? How?
When?

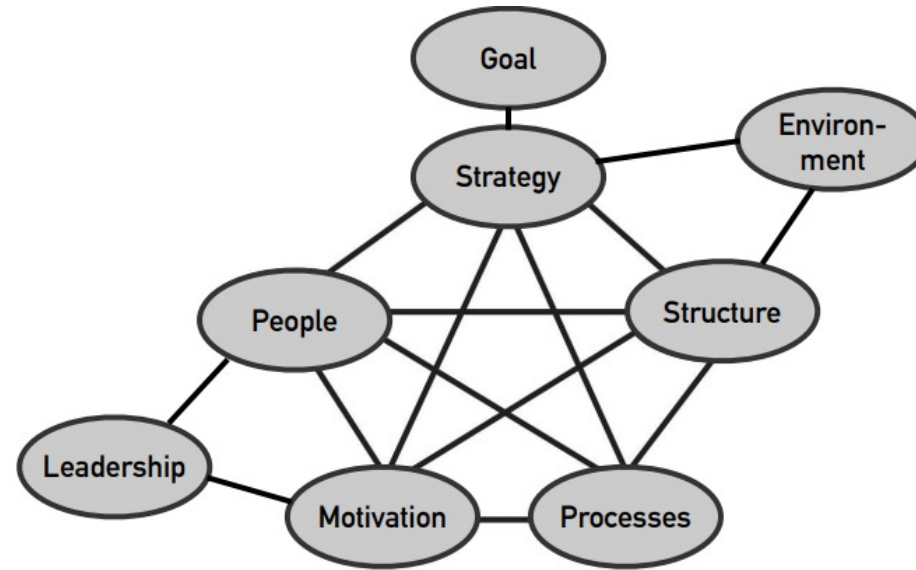
What are the design drivers?

Only module 5

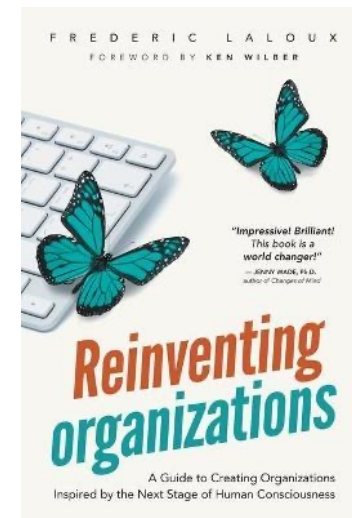
Outcomes



Burton et al. (2021), p.14



Galbraith, J. R. (2002).



Laloux (2014)

The Key Question of Organization Design

WHAT ARE THE GOALS?

HOW ARE GOALS DEFINED?

WHAT ARE THE MAIN PROCESSES?

WHO MAKES WHICH DECISIONS?

**WHAT IS THE ORGANIZATION
STRUCTURE?**

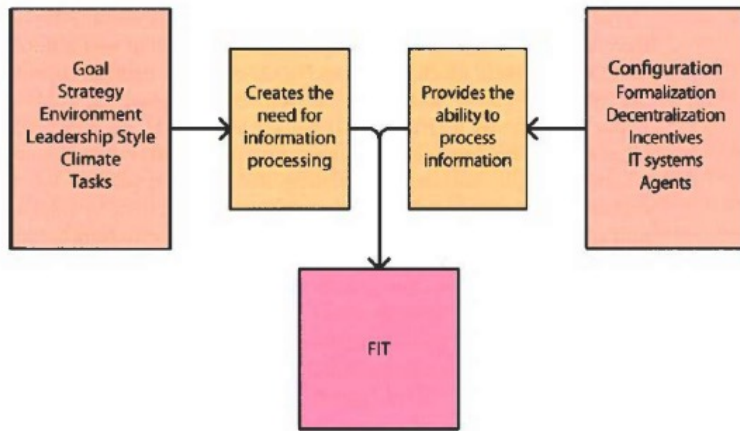
**WHAT IS THE INVENTIVE
STRUCTURE?**

....



**HOW DO THEY FIT
TOGETHER?**

Different ideas of fit



Burton et al. (2021), p.11

Table 1 How the three organizational forms solve the six fundamental problems of organizing

	Weberian bureaucracy	Mintzberg's adhocracy	Self-managing organizations
Basic structural arrangement	Hierarchical	Matrix	Flat
Manager power over subordinates	Extensive	Loosened, especially within teams	(Almost) non-existent
Decision-making power	Hierarchical	Selective decentralization	Radical decentralization
Division of labor: Task division	Top-management identifies the necessary tasks, which are then divided into sub-tasks and sub-sub-tasks by layers of management in a top-down process.	Top-down process. But within-team task division is done more autonomously, with managers retaining the right to intervene and authorize larger decisions.	Bottom-up and top-down with top management as well as individual employees having the responsibility and authority to create new tasks.
Division of labor: Task allocation	Top-down process where tasks and responsibilities are allocated by managers to their subordinates.	Within team allocation done autonomously, but allocation of employees to teams and other major resource decisions done by a top-down process.	Emerges from the interaction between employees who have considerable authority to decide which roles to fulfill.
Provision of reward: Rewarding desired behavior	Monetary compensation, bonus systems, and advancement options allocated by supervisors.	Monetary compensation with sometimes team-based bonus systems allocated by supervisors. The chance to work in more interesting projects in the future.	Monetary compensation with salary levels and bonuses often determined through a peer-based process. Much emphasis on making the work intrinsically rewarding.
Provision of reward: Eliminating freeriding	Supervisors responsible for monitoring the actions and/or outputs of their subordinates.	Supervisors responsible for monitoring the actions and/or outputs of their subordinates. Within teams employees might be primarily accountable for each other.	Employees primarily accountable for and monitored by each other with explicit conflict resolution mechanisms to resolve conflicts.
Provision of information: Direction setting	Strict task boundaries and precise instructions eliminate the need for distributing broad information.	Teams typically have necessary information to make most task-related decisions. Other decisions made at higher levels where the managers have enough overall information for decision-making.	Transparency of all key information and active distribution of information to ensure each employee's capability to make decisions that benefit the wholeness.
Provision of information: Coordination of interdependent tasks	Standardized procedures and top-down task allocation and monitoring ensure the necessary coordination.	Within-team coordination typically done through constant communication. Within-function coordination accomplished hierarchically, with interfunctional teams helping the functions to coordinate.	Within-team coordination accomplished through constant communication. Within-team and within-function coordination accomplished through coordination roles and through extensive use of IT systems.

Martela (2019), p.13

What's Next

Thursday 13-16 – Workshop - U356 (ALMA MEDIA)

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Optional: Reeves, M., Levin, S., & Ueda, D. (2016). The biology of corporate survival. Harvard business review, 94(1), 2.

References

- Burton, R. M., Obel, B., & Håkonsson, D. D. (2021). Organizational design. Cambridge University Press. 4th edition
- Dunbar, R. L., & Starbuck, W. H. (2006). Learning to design organizations and learning from designing them. *Organization Science*, 17(2), 171-178.
- Galbraith, J. R. (2002). Organizing to deliver solutions. *Organizational dynamics*, 31(2), 194.
- Laloux, F. (2014). Reinventing organizations: A guide to creating organizations inspired by the next stage in human consciousness. Nelson Parker.
- Martela, F. (2019). What makes self-managing organizations novel? Comparing how Weberian bureaucracy, Mintzberg's adhocracy, and self-organizing solve six fundamental problems of organizing. *Journal of Organization Design*, 8(1), 23.
- Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman Jr, H. J. (1978). Organizational strategy, structure, and process. *Academy of management review*, 3(3), 546-562.

Thank You!



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