

Essay on what organization design is

[Business](#), [Company](#)



Introduction to Organizations

Before an organization can be classified as an effective one, it has to demonstrate a lot of necessary and unique qualities first and most of the time, these qualities are hard to achieve. Common sense will say that the larger the organization, the harder it would be to integrate everything inside that organization so that it will work out flawlessly and well.

The process of matching the form of an organization to its purposes and objectives is called Organization Design. It is also the simple, professional and guided process of integrating basically everything that you could find in an organization. This includes the workforce, the technology, and everything that makes the organization work and fulfill all of its processes. When we say organization design, it would be logical to think that it is simply the application of a design or a framework to a particular organization for it to work how the administrators or the designers want it to work. It is usually classified as a modification from within an organization which is guided by an individual or groups of people (Hall & Tolbert, 2009).

These people serve as the facilitator and their role is to ensure a smooth and systematic designing process. Oftentimes, the facilitator is also the one in-charge of making the organization design as creative as possible without compromising the effectiveness and efficacy of the design.

How Transactions inside an Organization Work

Most organizations which originated from the west have actually adopted the framework or the chain of command of ancient military organizations. At present, there are actually lots of issues about whether such adaptation

really helps an organization be organized or they are just a sign of lack of creativity and effort. At some point, one may think that since it has been more than a millennium already (one millennium is equals to one thousand years) since these ancient military organizational structures were formed, there is a great chance (or at least, a significant probability) that some of the aspects in their control structure cannot be applied to the control structure of today's organizations anymore. Such consideration is actually important in organization design. It is for the betterment of a particular organization after all; that's why a high level of creativity and intuition is really needed.

Perhaps what keeps such organizations (the ones who adapted their control structure from ancient military organizations) popular is the way they integrate everything.

One particular characteristic of such groups is the clustering and division of people. If there is more than one person who performs a particular task, they will often be grouped into a new division so that they can do their tasks more efficiently. Now, imagine if these people are to coincide with others who perform technically different tasks. That is just a chaotic sight to see and it really couldn't be considered formal and systematic at all.

Where it all starts

Almost any form of organization design begins with the formulation of a strategy. Of course, before executing specific and irreversible actions, there has to be some planning involved first. At some point, performing brainstorming activities may not even be enough to serve as a guarantee that a certain design or system will work. The only guarantee perhaps that you could base you next decisions from would be if the strategized organization

design is already up and running, with minimal to no flaws at all. Most of the time, strategies has to be integrated with the roles, the objectives and the central theme of the entire organization. Also, it is important to take note that planning is not entirely the same with organizing. They are two different but essential processes that should be involved in the whole design-organizing process. Organizations can actually be classified as a mere invention of man just like how an architectural masterpiece becomes a product of an architect's creativity. This analogy is actually very logical and specific. The organization is the architectural masterpiece. For it to be successfully constructed and erected there has to be an effective planning, organization of resources and people, integration of information and technology and most of all systematization.

The most important thing that one should actually consider in organizing designs is of course, its purpose. The one thing that facilitators could not afford to miss is the fact that organization design is meant to enhance the flow or structure of organizations and not to ruin it, which happens in a significant number of organizations today (Autry, 1996).

Application of the Principles

Based on the important and essential principles of organization design, we are going to use Delta Air Lines as an organization showcasing to us those principles. Delta Airlines is one of the major airline companies based in the United States, specifically in Atlanta. In fact, it is the world's largest airline company under a single certificate (Shetty, 2011). Now what could possibly be the factors that brought this organization into great success? Of course, it

is their organization design that led them to such glory. If you are going to take a look at the hierarchy of their executives, you will notice that they are actually outlined from the most powerful up to the least. Like any other companies, the CEO is at the topmost part of the pyramid while the other important part of the organization follows. One good characteristic that made Delta Airlines successful in their venture is their focus on their organizational goals and objectives. They made sure that they are serving their purpose right and by continuing to do just that and further improvising; they have developed as one of the world's largest airline companies. Remember the most important thing about organization design? It has to be in line with the organization's purpose and basically everything inside the organization.

Importance of Small Companies to the Economy

Everything, even the world's largest businesses and industries started out as a small business catering only limited services to their patrons. This is practically the reason why small businesses are important to the economy. In fact, it is not the big ones that drive a state's economy; the small enterprises are the ones who make bigger and better contribution to the overall state of the economy. According to a recent article about the US economy, (Longley, 2010) small businesses are the ones that create more jobs than their bigger counterparts.

In the US, businesses that have almost 100 employees are still considered small businesses. In some country, these small businesses are the ones that employ over 50 percent (or more) of the entire country's workforce. That is

actually a lot. Now, imagine what will happen to the country's economy if these small businesses and job sources are to shut down. The unemployment rate will surely skyrocket and that could be devastating not only for the citizens but also for the whole state's economy. What's interesting to know about these small businesses is that they could easily multiply and provide more jobs to the people. And guess what more jobs for the people could mean. More jobs would mean a high employment rate and a flourishing economy. Most of these businesses are home-based businesses that have over 50 percent success rate once they reach the 4 years mark. During such time, they can expand to be bigger companies which would also mean a lot of jobs.

Impact of Organizations

A major impact that organizations could inflict both at a national and international level would most likely be economically-related. As for Delta Airlines (previous example), since it is an airlines company, it has the capacity to cater to both passengers and freight planes. Meaning, its purpose is economically centered. Now, imagine what would happen if Delta Airlines is to shut down. Of course, smaller businesses depend on this organization's services will be crippled and such occurrence would cause a lot of trouble. In some cases, the impact of a specific organization may vary with that of others especially if it has a unique set of purpose and objectives that they are trying to fulfill.

There are actually a lot of other impacts that an organization could inflict to a single person or to the whole society. It usually depends on what type of

organization it is. We are going to use the non-profit organizations as our example. Non-profit organizations will most likely impact individuals in a cultural aspect. Bigger non-profit organizations will then have a great potential of affecting the cultural beliefs and other norms in the society. Non-profit organizations in turn encompass a lot of organizational subdivisions.

In the same manner, for-profit organizations may influence a society's or an organization's economy and other aspects that can be affected by profits and business. Proportionally, the higher the number of people who will patronize such organizations, the larger their impact and scope of influence could be. Also, the larger the organization, the more influential it could be.

Internal Organizational Changes and Social Structure

In order for an organization to survive, it has to adapt to its surroundings and basically any other external factors, especially if failure to adapt would already be equivalent to low productivity or even sales for the organization. One important thing about organization design is that it is the integration of all information and technology within an organization. Technology and information changes from time to time and because of that, an organization may also be required to undergo appropriate changes. The least senior managers and administrative staff could do to lessen the negative effect of such changes would be to orient the concerned members of the organization so that they will know what to do and what will happen next. Actually, at some point, they could do more to prevent the occurrence of adverse effects of changes and other unnecessary phenomenon. Remember that in organization design, it all starts with the formulation of strategy. Senior

managers should carefully strategize their plans of action so that they could prepare the organization members about the upcoming changes. Of course, if you yourself experienced changes in an instant, you will be shocked and you won't even know what to do next.

It would also be important for personnel members in the administrative department of organizations to consider their members' religion and cultural origins. This is important because we want to integrate everything inside the organizations and we are not to leave even a single aspect behind, especially if it has something to do with how the members of the organization behave and react to situations and other stimuli.

Horizontal and Vertical Differentiation

The essence of vertical differentiation does not really lie on the different things that an organization does relative to other organizations; it lies on an organization's being better than others (Hall & Tolbert, 2009). Horizontal Differentiation on the other hand is the process by which we want to be viewed by others as something different and not really something better. Based on my experience, vertical differentiation would bring about more desirable results compared with horizontal differentiation. When an organization becomes the best one in a particular niche, it already labels it as unique. So, it's like throwing one stone and hitting two birds as a result. One of the key concepts in economics and business management is horizontal differentiation. This became an important part of economics because it can help both small and large businesses formulate a solid and appropriate strategy for selling and marketing their products. A particular scenario where horizontal differentiation could be used would be when a

store or a business could not easily evaluate their products in terms of quality. In that case, they have to resort to a type of product differentiation that we call horizontal differentiation. One disadvantage of this type of differentiation is that products, no matter how similar they are in terms of quality and other considerations, could have totally different prices. Consumers usually view this as a negative thing about a business and could be a reason for loss of sales. Vertical differentiation on the other hand is just a type of product differentiation that contrasts the horizontal differentiation where quality plays a very important role as it can be a determinant in consumers' purchasing decisions.

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