

CHAPTER 2

ORGANIZATION STRUCTURES

1. Components of Organization Structures

Two people are connected by a decision rule if one of them specifies in some measure what the other is to do. It is this connection which makes an organization of those so connected, just as the connection of parenthood makes a family. The decision rule connection is necessary to the definition of an organization structure, but it is not sufficient. There are other connections that may be used to define an organization structure, but a structure is an organization only if there are the decision rule connections between people. The components of an organization structure are given in Baligh and Damon (1980) as:

1. A set of people
2. A set of operating decision variables
3. A set of parameter variables
4. A set of things that are used as rewards
5. A set of assignments each of which pairs a decision variable from the set of component 2 with a subset of people in the set of component 1
6. A set of assignments each of which pairs a parameter variable from the set of component 3 with a subset of people in the set of component 1
7. A set of assignments each of which pairs a reward variable from component described in component 4 with a subset of people of component 1
8. A set of decision rules each of which involves one decision variable from the set of component 2
9. A set of decision rules each of which involves one parameter variable from the set of component 3
10. A set of decision rules each of which involves one reward variable from the set of component 4

2. People in the Structure

This first component may be a set of people with identities in real life, such as Amina, John, Liu, Obafemi, or it may be a set of any 4

persons such as (person 1, person 2, etc.). These are people who belong to the organization, are members of its people component. By the basic definition of an organization, they are the people who are connected by decision rules to one another, or are expected to be so connected. In any given case, one might put into the set the people who are actually connected by decision rules. This would be a description of some real structure. One could list the people who are alleged to be members of an organization by virtue of other criteria. In this case the set defines people who must be connected by decision rules if they are to be eligible by our criterion for membership. By our definition, a person cannot be in this set unless he or she is connected to another by a decision rule.

3. Variables of the Structure

A number of the components of a structure are made up of the variables embedded in the transformations that the organization uses to attain whatever changes it aims to make in order to fulfill some goal it has. The goal may be profit, and the transformations are those that produce and sell spoons. The goal may be to prevent the control of Kuwait oil wells by Iraq, which requires the destruction of Iraqi armies which involves the use of destructive technologies of war. In all transformations there are variables involved each of which represents some aspect of the world. To an organization, the variables that matter are those which are the aspects of that segment of the universe in which its goals and its capacities are defined. Goals relate to the aspects that the organization wants to become the facts, and capacities relate to what it can make into facts, and the two are connected in ways described by what we term the transformations. Some of these are known to the organization, and it is capable of using them to make that segment of the world that is relevant to it to become what it wants it to be or something close to it. These are the organization's transformations, and the variables they contain are the elements which make up components of its structure. Like all variables, these take on different identities or values. The color of eyes is a variable and the color of this pair of eyes takes the identity we call brown, and that pair the identity we call blue, and so on. Identities are generally referred to as values, and variables are said to take on specific values in the real world when they take on an identity. Transformations connect the values of variables to one another. A