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DEFINITIONS

An organization is the rational coordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through division of labour and function, and through a hierarchy of authority and responsibility. (Schein, 1980, p. 15)

An organization is a collection of interacting and interdependent individuals who work toward common goals and whose relationships are determined according to a certain structure. (Duncan, 1981)

An organization is a relatively enduring social system which is purposive and hierarchical. (Mansfield, 1984)

What do these definitions have in common and what do they tell us about the modern concept of an organization?

First of all, they suggest that organizations are shaped by the activities of people whose behaviours are geared towards the achievement of a goal or goals; these may or may not be shared in common (see the later section on contingency theory). Secondly, implicit or explicit in the concept of organization is the idea of structure or ordered activity: activities are coordinated, there may be a division of labour, and relationships are shaped into a hierarchy according to people’s authority and their responsibilities. However, as Mansfield points out, organizations are not people; they are a theoretical abstraction. While senior management may be largely responsible for shaping organizational goals, organizational goals are conceptually distinct from those of any single individual manager’s goals.

Indeed, it is not unusual for there to be a large measure of disagreement as to what the organization’s goals actually are! This leads to a further refinement of the concept of goals, formally defined goals or charter goals; and operational goals (Perrow, 1961). Charter goals tend to be written in very general terms, laying down the objects of the institution but not how these should be arrived at or achieved, while operational goals are the goals set by members of the organization with the intention of achieving what they perceive to be the organization’s goals. Thus, for example, the formal charter of a charitable trust may be couched in such general terms as, for instance, that it is established to alleviate the problems of the sick and
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needy. It is then up to the trustees to determine how it should act in order to best fulfil the spirit and intent behind this charter (see Table 7.1).

Table 7.1 summarizes the nature of organizational goals on five dimensions. In a large, complex organization the levels may consist of several tiers between organization and workgroup. Secondly, the degree of formality tends to vary according to hierarchical level; divisions, departments or sections tend to have formal functions to perform, whereas the workgroup tends to be sufficiently small to fulfil employees’ social needs. Moreover, it is at this level that the broadly based organizational objectives are operationalized, that is, translated into specific tasks which can be performed. Individual managers and operatives have their own formally specified task functions to perform – though, in addition, they may well have their own personal or non-formal goals to which they aspire. In essence, it is the function of line management to translate and interpret higher order goals into a series of tasks whose efficient performance will result in the fulfilment of those goals.

There are many different kinds of organization within the industrial, commercial, banking, educational and medical spheres. While the objective of a firm in a particular industry may be to produce widgets efficiently, that of a traditional university is to pursue and disseminate knowledge. This begs the question how such diverse objects may be operationalized at lower management and grass roots levels – how standards are to be applied and maintained; how performance is to be measured (if indeed it can be); and the extent to which the organization is responsive to its environment.

Furthermore, as has already been indicated, organizations are differentiated into levels or hierarchy. The precise number of such levels will vary, some organizations being described as being relatively ‘flat’ and others relatively ‘tall’. A ‘tall’ organization is said to have high vertical differentiation, whereas ‘flat’ organizations are said to have low vertical differentiation. This aspect of structure, however, carries with it yet a further implication – that of the command of authority and responsibility. In general terms, the ‘higher’ a person’s position in the hierarchy, the greater his or her authority to act and command others and the greater his or her responsibility for those actions and their consequences. Paradoxically, greater seniority does not necessarily equate with more power (Pettigrew, 1973). Management can occur only with the consent of the workforce, as is frequently demonstrated by the countervailing forces of the trades unions.

Organizations may also be said to be differentiated horizontally. The extent of this is indicative of the extensiveness of task specialization across the organization. The fact of differentiation poses a problem of integration. Vertical integration concerns coordination and control within the hierarchy.