

Solution Manual For

Organization Theory & Design 13th Edition by Richard L. Daft

Chapter 1-14

CHAPTER ONE

ORGANIZATIONS AND ORGANIZATION DESIGN

[CHAPTER OVERVIEW](#)

[LEARNING OBJECTIVES](#)

[CHAPTER OUTLINE](#)

[LECTURE ENHANCEMENT](#)

[DISCUSSION QUESTIONS](#)

[WORKBOOK](#)

[CASE FOR ANALYSIS](#)

CHAPTER OVERVIEW

This chapter introduces students to characteristics of organizations and organizations as systems. Definitions and examples are given to provide students an understanding of organization theory and its value in becoming better managers in a rapidly changing world.

You may wish to refer throughout the semester to the GE case that opens the chapter, and to update the case regularly from current business analyses. Organization theory is defined and shown to have practical applications for managers, and a brief history of the evolution of organization design theory is provided. A framework for the remainder of the book is also provided, which will be useful as an introductory overview and as a frame of reference throughout the course.

Learning Objectives

After reading this chapter you should be able to:

- Discuss current challenges that organizations face.

- Describe the importance of organizations in society.
- Describe how the structural dimensions of organizations are shaped by contingencies organizations face.
- Outline the evolution of organizational design.
- Compare and contrast organic and mechanistic organization designs, including the contingency factors typically associated with each.
- Explain the current trend toward bossless organization design.

CHAPTER OUTLINE

Managing By Design

Before reading this chapter, please check whether you agree or disagree with each of the following statements:

- An organization can be understood primarily by understanding the people who make it up.
- The primary role of managers in business organizations is to achieve maximum efficiency.
- A CEO's top priority is to make sure the organization is designed correctly.

Answers will be assessed in the chapter.

A LOOK INSIDE

General Electric

Founded in 1878 by Thomas Edison, General Electric (GE) has a long history of moving in and out of multiple businesses as a key part of its strategy. For decades, the organization was admired for its management, but by the 1970s, the firm had become bogged down in bureaucracy and paperwork. The GE conglomerate was made up of 43 businesses divided into 10 groups, 46 divisions, and 190 departments. When Jack Welch took the helm as CEO in 1981, one of his first moves was to radically change the corporate structure, reducing the layers of management and expanding the span of control of individual managers. He also implemented a new culture that emphasized open, direct, candid communication. In his two decades as CEO, for which Fortune named him "Manager of the Century," he made many more strategic changes,

took the company global, and launched the organization's e-business. Welch chose Jeff Immelt to be his successor. Although he pushed for global growth and innovation, GE's value steadily declined. Many analysts felt that Immelt did not adequately address problems that arose during his tenure. John Flannery then briefly led GE from 2017 to 2019, but he could not reverse GE's falling stock prices either. By the time Larry Culp assumed the CEO role, GE's value had fallen to about 10 percent of its former value. Culp immediately began implementing a plan to streamline and trim down the extremely complex conglomerate. Stakeholders are hoping that the current, and any future, CEOs will be able to turn the iconic company around.

Organization Design in Action

Topics

The chapter-opening GE case illustrates several important organization design topics, such as strategic and structural changes to attain effectiveness, coping with a large and extensive bureaucracy, shaping corporate culture, adapting to new challenges in global and digital business environments, meeting consumer demands for sustainable products and to sustainably run companies, and deciding what type of innovation and change is needed. The text will cover additional topics, such as adapting to or controlling external factors in the environment, ethical challenges, the use of power and politics, and more.

Purpose of This Chapter

This chapter explores the nature of organizations and organization design today as it has developed from the systematic study of organizations by scholars.

Current Challenges

Today's managers face a variety of significant challenges that are different from those of the past, which demonstrates how organizations—and organization design—must evolve. These include:

Globalization

- Intense Competition
- Sustainability, the Green Movement, and Ethics
- Speed and Responsiveness
 - Digital Organizations and Big Data Analytics (technologies, skills, and processes for searching and examining massive sets of data to uncover hidden patterns and correlations)

BOOKMARK

The Vanishing American Corporation: Navigating the Hazards of a New Economy

by
Gerald F. Davis

Surprising fact: The number of publicly held corporations in the United States declined by half in less than 20 years, from 7,322 in 1996 to 3,659 in 2015. *The Vanishing American Corporation's* author Gerald F. Davis explores why U.S.-based companies are shrinking, declining, and generally disappearing altogether. One important factor is that new organization forms have emerged that seem a better fit for today's business environment: the virtual network form, in which only high value-added tasks are kept in house and other components are outsourced, and the platform-based form, which uses a specific combination of information and communication technologies to connect different groups of people and allow them to engage in mutually beneficial exchanges. Davis presents both positive and negative consequences of this trend.

IN PRACTICE