CHAPTER 1
WHAT ARE ORGANIZATIONS?

Organization Theory in Action

Current challenges

- Globalization
- Ethics and social responsibility
- Speed of responsiveness
- The digital workplace
- Diversity

What is an Organization?

- **Definition**: Organizations are (1) social entities that (2) are goal-directed, (3) are designed as deliberately structured and coordinated activity systems, and (4) linked to the external environment.

- **Types of organizations**
  - Large, multinational corporations vs family-owned businesses.
  - For-profit business vs non-profit organizations.

Importance of Organizations

- Bring together resources to achieve desired goals and outcomes.
- Produce goods and services efficiently.
- Facilitate innovation.
- Use modern manufacturing and information technologies.
- Adapt to and influence a changing environment.
- Create value for owners, customers and employees.
- Accommodate ongoing challenges of diversity, ethics, and the motivation and coordination of employees.

Framework for the Book

- **Part 1** introduces the basic ideas of organizations as social systems and the nature of organization theory.

- **Part 2** discusses strategic management, goals and effectiveness, and the fundamentals of organizational structure.

- **Part 3** considers the various open system elements that influence organization structure and design.

- **Part 4** describes how organization design is related to different factors.

- **Part 5** shifts to dynamic processes that exist within and between major organizational departments.

Summary and Interpretation

- Organizations have been conceived as systems that either adapt to, or exert control over, the environment as a means of pursuing the goals of their dominant stakeholders.
- The primary focus of analysis for organization theory is employees' activities as organizational members.
- A focus of this book is how organization structures are influenced by the wider environment, and how key decision makers attempt to manage their environment by designing effective structures.
- Many types of organizations exist.