MINISTERY OF EDUCATION OF THE REPUBLIC OF BELARUS

Belarus State Economic University

REFERAT:

“SOCIAL ORGANIZATION”

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Understanding of the organization and its structure

Organizations being part of environment is learnt by biology, economics, sociology, philosophy and other subjects. The problem of the organization was studied before, but the independent role of the organizing start was not taken into account. Only in late XIX – early XX century theorists discovered that objects with different compositions may possess similar properties due to the ways of their organization.

A broad diversity of forms and processes of the organization lead to building various concepts. One of them was tectology, worked out by the Russian scientist A. Bogdanov who gave a general description of various processes of emerging, existence and collapse of organizations in his work published in 1913.

The term “organization” is polysemantic so it may be considered as a system, state and process. Our interest is in the organization as a system. A social organization is set up by individuals so that they can obtain a certain goal. That’s why a Russian researcher A.I. Prigozhin determines an organization as a formal group of people with one or more shared goals.

As an organization is set up to achieve a certain goal, it is considered as a means of its achieving. From this point of view, in the foreground there is an organizational goal and functions, effieciency of reserves, staff motivation etc. A social organization has its name, charter (a programme of activities), area of activities, work procedures, personnel. Its personnel may vary from a few people (an estate agency) to hundreds of thousands (transnational companies). Examples of organization as legal entity are government, corporation, non-governmental organization, armed forces, partnership, charity, cooperative, university.

There is a distinct field of academic study known as Organizational studies (or Organizational behaviour) which takes organizations as its subject, examining them with the methods of economics, sociology, political science, anthropology, and psychology. It should not be confused with the study of Industrial organization, which analyses market stuctures and natural monopolies, and is much more like microeconomics. Organizational studies studies individual and group dynamics in the organizational setting, as well as nature of organizations themselves. Whenever people interact in organizations, many factors come into play. Organizational studies attempts to understand and model these factors.

There are two mechanisms to form organizations. More often they emerge when achieving common or shared goals is considered possible only through achieving individual goals; then labour organizations such as enterprises and establishments are set up. When achieving individual goals is possible through achieving shared goals, various public organizations, or associations emerge. In turn, achieving a shared goal entails a necessity in hierarchy and governing.

A social organization is characterized by a number of social qualities, or features:

* a purpose-driven nature of the organization: any organization is set up to achieve a certain purpose, to unite its members’ activities and regulate them in the name of the given purpose. In its turn, organization’s activities suggest its performing of definite functions;
* hierarchical structure of the organization: its members are ranked on the hierarchical ladder according to their social statuses and roles, for instance, as leaders and subordinates. It means that a person who interacts with other members of the organization can realize his needs or interests within the limits established by his social status and norms and values of this very organization;
* governance: activities of any organization must be governed. Governance is caused by division of labour, i. e. its specialization due to the function. Organizations have a vertical and horizontal structure. In the vertical structure there are two subsystems: the one governs, the other is governed. The governing system coordinates functioning of the horizontal structures through the mechanisms of regulation and control of their activities. Vertical structuring of the organization ensures achieving of the shared goals, gives efficiency and stability to its functioning.

Such approach is largely predetermined by the fact that a social organization is one of the most developed types of the social system, the elements of which are individuals and relations emerging among them, and its system-forming qualities are the goal, interaction and management.

Any organization has its structure. Organizational structure is the way in which the interrelated groups of the organization are constructed. The main concerns are effective communication and coordination.

The dominant mode of the organization in the world today is hierarchy. Hierarchy originally means “rule by priests”, and it was borrowed from the organization of hierarchical churches such as the Roman Catholic and Eastern Orthodox churches. Hierarchy is any system of relations among entities wherein the direction of activity issues from the first party to the second party, but not the other way around. In other words, it is based on the principle of collateral subordination when the upper levels are “superior” to the lower ones and control them.

An example might be a company organizational structure: the CEO is superior to the divisional managers, who are superior to their team leaders who are superior to their ordinary workers. The family, the state are other examples of hierarchy.

A hierarchical organization is a common way to structure a group of people, wherein members chiefly communicate with their immediate superior and with their immediate subordinates. Structuring organizations in this way is useful partly because it can reduce the communication overhead.

Hierarchy may have the configuration of a pyramid if the number of those who are superior is smaller than the number of those who are supervised. The Belarus State Economic University is a good example of a pyramid hierarchy: the rector supervises seven prorectors who supervise twelve deans of schools who in turn supervise one thousand two hundred and thirty teachers and twenty seven thousands students.

Not all organizations have this structure. The opposite extreme to the pyramid is described as “flat” or “single-level” hierarchy. Flat hierarchy is most common in smaller organizations which lack standardization of tasks, so it is best used to solve simple tasks. In smaller organizations most communication is done by face-to-face conversations. A sole proprietorship that can employ few people (for instance, in Belarus it is three employees) is an example of a company with flat hierarchy.

The opposite mode of the organization is a system of relations wherein the direction of activity is not fixed in one way, but flows back and forth between the entities involved. In other words, the parties must consent to each other’s direction of activity. An example of this is a partnership or a commune.

Hierarchy of social organization determines the most essential elements of its structure such as organizational area, organizational culture and relations of power.

Organizational area includes:

* definite physical area: distribution of the members of the organization to structural units such as sections, departments, workshops etc. which are located on a certain territory;
* functional area: division according to performed duties, professions, qualifications or jobs;
* status area: division of employees into independent groups occupying different social positions in the organization such as leaders, subordinates, blue - and white collars etc.;
* hierarchical area: a formal system of relations among members of the organization such as ways of solving production problems, applying to top managers with private issues etc.

Another element of the organizational structure is organizational culture which comprises attitudes, values, beliefs, norms and customs of an organization. It’s a non-written code of the organization as it affects its members’ behaviour. Whereas organizational structure is relatively easy to draw and describe, it is less tangible and difficult to measure. It does not mean, however, that employees do not realize this phenomenon. Instead, they do and it’s seen whether they are proud of the organization they work for or describe their jobs with negative characteristics. In both cases definite elements of culture are meant which become obvious if changes or innovations are taking place or when compared with cultures of other organizations. As a rule, organizational culture is shared by all or most members of the organization.

Researchers still argue about the nature of the phenomenon. Some consider that culture is what the organization manifests itself, others – what it has. Despite lack of a shared opinion they identify a number of its elements:

* the paradigm: what the organization is about; what it does; its mission; its values;
* control systems: processes in place to monitor what is going on;
* organizational structures: reporting lines, hierarchies, and the way that work flows through the business;
* power structures: who makes the decisions, how widely power is spread, and what power is based on?
* symbols: logos and designs;
* rituals and routines: management meetings, board reports etc. which may become more habitual than necessary;
* stories and myths: build up about people and events, and convey a message about what is valued within the organization.

These elements may overlap. Power structures may depend on control systems which may exploit the very rituals that generate stories.

The third element of the organizational structure is power. Sociologists usually define power as an ability to impose one’s will on others, even if those others resist in some way. The imposition does not involve coercion (force or threat of force), in some ways it more closely resembles what is called “influence”.

As hierarchy is also viewed as power, it may be useful to visualize a pyramidal power structure, where those nearest the top have more power than those nearest the bottom, and there being fewer people at the top than at the bottom.

The phenomenon is traditionally observed in religion:

* there is one god who commands, but cannot be commanded;
* in government: the federal section controls the state section;
* at work: your boss tells you what to do, and his boss tells him what to do, but you don’t tell anyone what to do until you get promoted.

Power is classified in different ways: as primary and secondary; formal and informal; delegated authority, charisma, expertise etc. Traditionally power in the organization is differentiated as formal and informal. The first one is the superior’s power as part of his official position in the organization. The second type is the leader’s informal power whereas the leader is a person who has the greatest influence on the members of the organization. He personifies the group norms, values, patterns of behaviour and supports them. An informal leader is a member of the social organization regarded by a group of people as an expert, authority or supporter of the questions the group is interested in. That’s why informal power is based on the personal qualities of the individual, his authority as a personal characteristic of the personality. Authority means people’s voluntary abeyance to one of them due to his peculiar individual qualities. At appointing a superior, the top management tries to take into account the possibility of combining both formal and informal leaders in one person.

Of interest here is authority as a type of power. In politics, authority generally refers to the ability to make laws, independent of the power to enforce them, or the ability to permit something. People obey authority out of respect, while they obey power out of fear. For example, “the congress has the authority to pass laws” versus “the police have the power to arrest law-breakers”. Authority needn’t be consistent or rational, it only needs to be accepted as a source of permission or truth.

Authority is sub-divided into three types as suggested by M. Weber:

* traditional authority which simply derives from long-established habits and social structures, for instance, the right of hereditary monarchs to rule;
* charismatic authority: from time to time, people make claims of heading a revolution of some kind (which is always against an established social system). When followers take such claims seriously, this is charismatic authority because religious or political authority that does not flow from tradition or law, but instead thrives on the short-lived desire of social change. The careers of Lenin, Martin Luther, Hitler, and Lech Wałęsa provide examples. Charismatic authority never lasts long even when it is successful and it inevitably gives way to either traditional or to legal-rational authority;
* legal-rational authority depends for its legitimacy on formal rules which are usually written down, and often very complex. Modern societies depend on legal-rational authority.

## Classifications of organizations

All social organizations can be classified by various criteria. According to their purpose they can be as economic, political, educational, medical etc. Each of them prioritizes its own purpose, for example, economic organizations strive for maximum profits, cultural ones – for achieving aesthetic goals, whereas getting maximum profits is their secondary goal, educational ones – for a contemporary level of knowledge whereas striving for profits is a secondary goal for them, too.

The given principle is also used to classify organizations into for-profit and nonprofit ones. Generally nonprofits differ from for-profits in the following areas:

* nonprofits focus more on fund-raising from donors, for instance, contributions, grants etc. while for-profits – on fund-raising from investors;
* although they both have boards of directors, in for-profits the board members are more highly trained and experienced than in nonprofits, where board members are often volunteers who bring strong passion for the nonprofit mission;
* nonprofits focus more on volunteer management but volunteers are managed much like employees, for instance, with job descriptions, policies etc.;
* as for finances, nonprofits focus on human capital whereas for-profits focus on monetary capital. Nonprofits have certain unique accounts (usually grants) that can only be spent on certain activities. However, both types of organizations carry out very similar basic bookkeeping activities;
* they are different in taxes.

Social organizations can also be differentiated on the basis of a branch of their activities (industrial, financial, agricultural, transport, trading etc), level of independence in making decisions (holding, affiliated or subsidiary etc). According to management science, most human organizations fall roughly into four types: pyramids or hierarchies; committees or juries; matrix organizations and ecologies.

Another important classification with the focus on the character of interactions and relations existing in the organization identifies formal and informal organizations. Formal organizations are large secondary groups that are legally registered and rationally designed to achieve specific objectives. Informal organizations are secondary groups which for their minority or any other reason are not legally registered. They comprise groups of people who are cohered by personal interests in culture, sports, recreation etc., headed by a leader and not involved in activities designed to get material profits.

Formal organizations are so dominant that they are created to supervise and coordinate other organizations. They fulfill a variety of personal and social needs and vary in size. As they are designed for efficiency they have a carefully designed structure based on formal division of labour represented in the system of statuses, or jobs. Each job has a number of specific functions so that all tasks are distributed among members of the organization. Due to their similarity, job functions are grouped into a hierarchical structure on the principle of “superior and supervised” or a ladder of dependences of the lower ones (subordinates) to the upper ones (authorities).

Formal organizations regulate their activities by various means such as programs, patterns of official behaviour, principles and norms of reward etc. They have boards of directors and the management. Formal organizations are rational by nature as they are designed to achieve specific objectives and impersonal as their members are designed to enter into exceptionally official relations.

However, formal organizations tend to turn to bureaucracy. M. Weber considered the formation of bureaucracy, or the management as the major aspect of rationalization. Bureaucracy refers to the way that the administrative execution and enforcement of legal rules is socially organized. Examples of everyday bureaucracies include governments, armed forces, corporations, hospitals, courts, ministries, or schools.

The German sociologist believed that bureaucracy in its ideal type should be governed by the following 7 principles:

1. Formal division of labour determined by regularized procedures: each enterprise or company has a full description of duties performed by its director, personnel manager, line managers or empoyees.

2. Hierarchy of authority: every official’s responsibilities and authority are part of a vertical hierarchy of authority, with respective rights of supervision and appeal. In any company, the vertical hierarchy includes top management, middle management and first-line managers executing control over workers.

3. The public office (bureau) as the basis of bureaucracy because it is the place where all written documents (electronic papers in modern companies) about the organization’s activities are collected.

4. The formal procedure of the officials’ training. The requirements to training a secretary are relatively simple while the programs of training top or middle managers are rather long and complex.

5. Permanent staff as employees who are working for the organization on a continous basis (for as long period of time as possible) and devoted themselves to it, i. e. work for this very organization is their main occupation.

6. Established rules and regulations: they may regulate the beginning and end of work, dinner and coffee breaks, leaves etc. In some organizations, for instance, at university such rules are described in detail: the beginning and end of the academic year, timetable of each shift, each pair, winter and summer sessions, holidays etc.

7. The member’s commitment to the organization as his strive to share and demonstrate the organizational rules and procedures. It needn’t be commitment or loyalty to the top manager or any other member of the organization.

Governing the formal organization by these principles makes its members’ behaviour predictable and helps the management to coordinate their activities. In turn, predictability and coordination are the main factors enabling to increase the organization’s efficiency and labour productivity. M. Weber considered high economic efficiency as the main advantage of bureaucracy. He described the ideal type of bureaucracy in positive terms, emphaizing continious character of the managerial process, undivided authority, subordination, expertise, exactness, quickness, official secrecy (know-how) and minimum conflicts.

At the same time some sociologists such as T. Parsons, A. Gouldner etc. identified a number of disadvantages of bureaucracy. For instance, division of labour may lead to t**rained incapacity; hierarchy of authority – to authoritarianism, communication disruption, and oligarchy. Another unintended consequence is a contradiction between a bureaucratic organization of management and creative activities of its members, capability to introduce innovations. Written rules and regulations may be inefficient in unusual or creative cases, when employees are demanded to work to the rule (the famous red tape), because knowledge and creativity cannot be transferred under order.**

Management in the organization

Social organizations are also characterized by a number of objective and subjective processes in place. The first ones are cyclic processes of rise and fall, synergy etc., the second ones are those related to making various managerial decisions.

Management as a process can be executed only in the organization because any organization – from industrial enterprises, small businesses and supermarkets to coffee shops, schools and hospitals – are in need of being managed. Management focuses on the entire organization from both short - and long-term perspectives, so it is a process of forming a strategic vision, setting objectives, crafting a strategy and then implementing and executing the strategy. If management goes beyond the organization’s internal operations to include the branch and general environment, this is management of the organization.

The sociological approach focuses on management in the organization which it is identified as comprising three components. The first one is purpose-driven managing impact, the second one is self-organization. They both make up the third component – organizational regulation. When coordinated, the given components suggest integration based on making use of possibilities and limits of each and taking away potential contradictions. For instance, any official would like to transform a greater volume of decisions (orders, tasks) from impacts for one occasion to those of long-term perspective.

Any impact is impossible without applying methods of social governance that fall into those applied to a separate individual, group and social organization.

An individual’s behaviour can be regulated by direct order, stimulation (through needs and stimuli), system of values (bringing up, education) and social milieu (changing work conditions, a status etc).

A group as part of an enterprise can be governed by such methods as a purposeful formation of its structure (in number, location of jobs, qualifications, demographic qualities etc) and formation of unity (perfecting the leadership styles, arranging competition, applying psychological factors etc).

The level of social organization, for instance of an enterprise, requires such methods as coordination of formal and informal structures (taking away contradictions between planned and existing relations and norms), democratization of management (through increasing the role of public organizations, employees’ wide involvement in decision making, election of some middle and top managers etc) and social planning (qualification upgrading, perfection of the entity’s social structure, bettering of the social security system etc).

The uppermost product of management is managerial decisions. A managerial decision is a formally registered project of some change in the organization. Managerial decisions fall into:

strictly fixed ones when the authorities do not influence on the process of their making because their content is predetermined by the organizational terms such as law, instructions, directions of a higher establishment etc. Strictly fixed decisions are subdivided into:

* standardized, routine ones such as paying regular wages or allowances, sacking an employee after his taking a notice in etc.;
* derived, secondary ones such as those to implement decisions made before;
* “initiative” decisions are not strictly fixed, they suggest individual contribution of the decision-maker. They are subdivided into:

a) situational ones which mainly have episodic or local character (rewards, sanctions, irregular appointments etc);

b) reorganizing ones aimed at changing some element of the organization (redistribution of resources, developing new assignments, etc).

The second component is self-organization as a process of evolution where the effect of the environment is minimal, i. e. where the development of new, complex structures takes place primarily in and through the system itself. Self-organization is normally triggered by internal variation processes. It is part of self-governance which is typical for any organization and which has two meanings – wide and narrow. Its wide meaning suggests autonomous functioning of any organizational system and the organization’s right to make decisions on its internal problems. The narrow meaning suggests collective governance, or all members’ participation in the activities of the governing body through involvement of executors into the processes of making common decisions.

The third component is social regulation that consists of rules identifying permissible and impermissible activity on the part of individuals, firms, or governing agencies along with accompanying sanctions and/or rewards. Social regulation is aimed at restricting behaviours that directly threaten public health, safety, welfare, or well-being. As a tool of governance, it is used to accomplish a number of public purposes such as preventing harms or providing public benefits. Regulatory programs vary considerably in what they require and/or prohibit, timing of their intervention etc. They entail:

* rules that govern expected behaviours or outcomes;
* standards that serve as benchmarks for compliance;
* sanctions for non-compliance with the rules (or rewards for compliance);
* an administrative apparatus enforcing rules and administering sanctions.

Social regulations are typically developed to prevent harm to a society. While there is much conceivable harm that could be addressed, it is up to governmental officials to determine the particular harms that deserve attention.

Development of management on the post-Soviet area

Development of modern societies on the post-Soviet area is characterized by deep dynamic changes of systemic nature. State, political and economic forms have changed; new social and production technologies have been introduced. All these processes considerably increased the significance of governance in orderly organized social systems.

All over the world the quality of labour force and the structure of aggregated labour have undergone changes. Now managers encounter not with non-qualified obedient executors but mainly with specialists who are able to assess and creatively affect the implementation of managerial decisions. The structure of employees has also changed: if earlier peasants, blue-collars and service workers dominated in number, in modern economy managers and specialists are now becoming the main professional groups, the contradictions between which determine the dynamics of practically any organization.

It means that radical changes in the social object of governance suggested a necessity of changing the character of modern industrial management which gained a particular significance in a transitional period when market reforms were carried out. The changes undertaken in the production structure and character of economic relations, as well as the macro-economic dysfunctions, the total financial imbalance, a revolution in property and the system of consumption produced a great deal of uncertainty and disorganization in the development of modern enterprises. In turn, radical transformation of the social-economic system required special scientific and managerial maintenance of the reforms, deep theoretical working out of the problems of maneuverability of the reformation process, formation of quality of management itself etc.

Considerable peculiarities of the development of modern production entailed changing the whole philosophy of management and its practical re-orientation. In the organization of production the utmost importance is now paid to introducing the results of information science, socializing the system of industrial management on the basis of the principles of corporatism, ecologization of managing the production etc.

In other words, the processes of modern management development are of a special interest not only for sociologists: administration and governance transforming into a genuine process of managing people as human capital, not as human recourses, must be comprehended from the viewpoints of compliance with group values, needs and possibility to realize cooperation. In this connection quality of social governance of human capital as the main national resource may become the most significant factor so that on the post-Soviet area successful market changes and guarantee of effectiveness (compatibility) of the present-day production can be achieved.

In recent years various innovations of crisis management in the national production have been applied to settle stagnation and degradation processes: the statuses of regular professional groups within the labour collective and the share of qualified labour started increasing, the labour force redistribution from the main production to a non-productive sphere was ceased, hidden unemployment stopped from developing, etc. The given problems may have the possibility to be solved as non-standard social and governmental strategies were applied in the area.

BASIC CONCEPTS

Authority – people’s voluntary abeyance to one of them due to his peculiar individual qualities; in politics, it generally refers to the ability to make laws, independent of the power to enforce them, or the ability to permit something.

Bureaucracy – the way that the administrative execution and enforcement of legal rules is socially organized; the formation of bureaucracy, or the management, is the major aspect of rationalization (by M. Weber).

Flat (single-level) hierarchy – the opposite extreme to the pyramid hierarchy which is most common in smaller organizations which lack standardization of tasks.

Formal organizations – large secondary groups that are legally registered and rationally designed to achieve specific objectives.

Hierarchy – any system of relations among entities wherein the direction of activity issues from the first party to the second party, but not the other way around; it is based on the principle of collateral subordination when the upper levels are “superior” to the lower ones and control them.

Informal organizations – secondary groups which for their minority or any other reason are not legally registered, their members are cohered by personal interests in culture, sports, recreation etc., headed by a leader and not involved in activities designed to get material profits.

Managerial decision – a formally registered project of some change in the organization.

Organization – a formal group of people with one or more shared goals.

Organizational area – element of the organizational structure that includes definite physical, functional, status and hierarchical areas of the organization.

Organizational culture – a less tangible element of the organizational structure which comprises attitudes, values, beliefs, norms and customs of an organization that affects its members’ behaviour.

Organizational structure – the way in which the interrelated groups of the organization are constructed.

Power – the ability to impose one’s will on others, even if those others resist in some way.

Pyramid hierarchy – the configuration of the hierarchy if the number of those who are superior is smaller than the number of those who are supervised.

Self-organization – a process of evolution where the effect of the environment is minimal, i. e. where the development of new, complex structures takes place primarily in and through the system itself.

Social regulation – third component of management that consists of rules identifying permissible and impermissible activity on the part of individuals, firms, or governing agencies along with accompanying sanctions and/or rewards, it is aimed at restricting behaviours that directly threaten public health, safety, welfare, or well-being.

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