- Explain factors likely to determine the design of international organizations
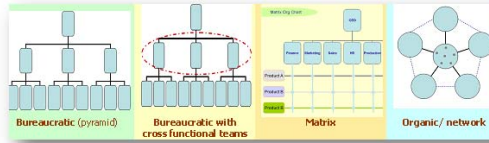- Define and discuss the nature of international organization design
- Identify and describe common forms of international organization design
- Explain the general purpose and methods of control in international business
- Describe how international firms coordinate activities

Bureaucratic (pyramid)   Bureaucratic with cross functional teams   Matrix   Organic/ network

This chapter focused on how to make efficient and effective use of human resources in order to attain goals and derive a sustainable competitive advantage through design structure, coordination and control. We commenced by identifying the purpose of design - to divide up organizational activities, allocate resources, tasks and goals and to coordinate and control activities so that goals can be achieved. An appropriate design might yield benefits such as efficiency and scale, access to specialized and location-embedded resources, enhanced innovation and the creation of operational flexibility; the design can impact upon performance through employee motivation, commitment and loyalty and has the ability to link interdependent activities.

The tools used to structure organizations include: organisational charts, job definitions, span of control, authority, responsibility and accountability descriptions. Departmentalization is a process of grouping together employees. Such employees can then have line, functional or lateral relationships with one another. Employees are often grouped together by area, function/ specialism, product, customer group or process. Mintzberg identified five basic parts of an organizational structure: strategic apex, middle line, operating core, technostructure and support staff. Organization theory identifies six primary dimensions (variables) of organization structure: specialization, standardization, formalization, centralization, configuration and flexibility. These variables were used to define traditional designs but remain useful today as dimensions of contemporary international organization structure.
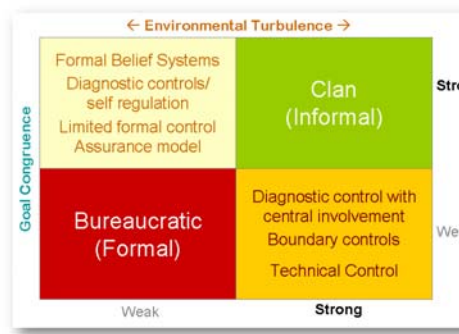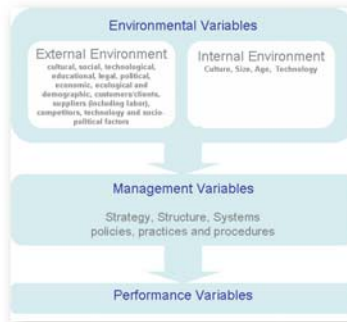
A Divisional structure is formed when an organization is split into a number of self-contained business units, each of which operates as a profit centre. In addition to global product, area and functional designs, the international organization may choose a customer or matrix design. Each of the main designs emphasise a particular type of knowledge. Companies must capture simultaneously a global-scale efficiency, respond to national markets, and cultivate a worldwide learning capability for driving continuous innovation across borders. Within the global form of organization there are several structural alternatives: the multinational, global, international and the transnational structure.

Arguments stating why organizational parts should be configured in particular ways were presented through contingency theory. The organization design typically breaks up the workforce into parts that must work together. The concept of dependence was investigated and we identified the possible means to overcome dependence problems via coordination mechanisms. Assuring organizational parts work together productively is a matter of coordination. Control systems, on the other hand, seek to assure organizational goals are attained. A variety of management control strategies, formal (bureaucratic) and informal ('Clan' or 'cultural') control, were discussed. Clan control is argued to be more adaptive and preferred when goal congruence and uncertainty is high. In contrast, bureaucratic controls make organizations more efficient in stable environments where goals may be incongruent. The amount and type of control adopted varies according to decision maker predispositions: see the 'organizers' and 'behaviouralists'.

Key Terms

CONTROL

those elements of an organization that, taken together, support people in the achievement of the organisation's objectives

COORDINATION

'assuring that segments of the organization are operating in compatible ways'

EMPOWERMENT

organizational arrangements that allow employees more autonomy, discretion and unsupervised decision making responsibility

INTERNAL CONTROLS

Structural, Staff and System safeguards to protect assets and ensure reliable accounting records and information systems.

STANDARDIZATION

The degree to which an organization lays down standard rules and procedures.

BUREAUCRACY

Formal organization with a clear-cut division of labour, abstract rules, and procedures, and impartial decision making that uses technical qualifications and professionalism as a basis for promoting employees.

FORMALIZATION

the extent to which rules, procedures, instructions and communications are written

DIAGNOSTIC CONTROL SYSTEM

Formal information systems used to monitor organizational outcomes and correct deviations from preset standards of performance

SPAN OF CONTROL

A measure of the number of employees who report to one supervisor or manager.