

Why Do We Have Organizations?

Dr. Manuel Angel (Coco) Morales

We have organizations to get things done especially when individuals cannot do certain necessary tasks by themselves. I was blessed by having the opportunity to study with great professors and organizational theorists such as Herbert A. Simon, Martin Landau, James G. March, Victor Thompson, Richard Hall, Amitai Etzioni, Richard Scott, Jerald Hage and Jeffrey Pfeffer. I was formally exposed to these great scholars and organizational researchers at George Washington University, University of Stanford, and University of Berkeley, California They all had one thing in common and it was the idea that if you want to produce formidable outcomes, organizations are the answer. Some of these scholars have developed complex models to explain why we have organizations, and others have articulated simpler frameworks that work just as well.

If we want to create organizations that achieve quick, visible and dramatic results, we have to pay attention to:

1. Structure, (relationship among the parts)
2. Processes (work flow)
3. Outcome (results)
4. People (the portfolio of human capital)
5. Environment (market)

The inter-relationship of these variables impacts the task or the work that is going to be done.

Organizations have many impacts. They heavily influence the individuals, communities, societies, possibilities of social change and economic growth.

Most analyses on the impact of organizations on individuals focus on the work people do within these settings. The studies of individual reactions to work clearly reveal that work, which provides challenge, potential for advancement and the use of creative capabilities, is enjoyable and even enlightening for human beings.

People not only work in organizations but also have extensive contacts and relationships with them as leaders and managers, as providers of services, as customers, and as stakeholders.

The point is that organizations are the context in which people work, and the performance of individuals are shaped by that context. It is fundamental to remember John Watson and Albert Bandura's perspective: **There is a reciprocal interaction between people and their organizations.** One of the most important outcomes of organizations for individuals is the placement or attainment of individuals within the social and stratification system. (Kalleberg and Van Buren, *The Relationship Between Organizational Size and Job Rewards*).

The research establishes that when organizations are growing, there are more promotional opportunities. When organizations are in a decline, the opportunity structure also is diminished. (Size is determined by number of employees, number of customers, scope of facilities and infrastructure, magnitude of profits and margins)

Organizations influence the communities in which they are located. Universities, hospitals, and businesses can be the dominant institutions in the cities in which they are located.

Again, if organizations have important outcomes for individuals and communities, it is obvious that they also have important outcomes for the wider society. Thus, organizations serve the interest of individuals and groups. These core interests shape the direction that organizations take, and this has an impact in the wider society.

Just to give an example, there is a remarkable degree of interlock among the boards of directors of corporations. Members of the boards of directors of one corporation are likely to serve on the boards of other organizations. Such interlocks give a corporation access to capital and help to manage pressures in the environment. The organization theory predicament is the following:

The more interlocks, the more effective is the organization.

The positive or negative impacts of organizations on the society in which they are embedded are always great (Alfred Kieser, *Organizational, Institutional and Societal Evolution*, 2009). They are active participants in society. This becomes very clear when we consider the issue of social change. Paradoxically, sometimes, organizations both foster and impede change. **The organization theory proposition is the following: to achieve change, there must be an intelligent organization.** (Harold Wilensky, *Organizational Intelligence: Knowledge and Policy in Government and*

Industry). In order to organize for change, there is a need for clear goals, roles, processes and knowledgeable people.

Finally, one thing that globalization has taught to the 21st century is that organizations have important outcomes across societies...

So, why we should study organizations? Well, the reason is that they are the best way to achieve desirable ends and purposes, such as wealth, prosperity, peace and social justice. In addition, by studying organizations, we obtain the available organizational design knowledge to overcome the bureau-pathologies of the past.

Dr. Manuel Angel (Coco) Morales

Contact Freelance at: cocomorales1@gmail.com

Cell phone: 787- 249-6102