Book Review

Organization Design

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Galbraith J. R. (1977). *Organization design*. Reading, Mass.: Addison-Wesley Pub. Co.

The book I have chosen for review is "Organization Design" (Galbraith, 1977) by Jay R. Galbraith. The reason for choosing a book, published more than three decades ago is simple: even though considered to be one of the best books on Organization Design, it is not discussed often by most researchers. Researches often give it just a passing reference, with most of them focusing on the book "Designing Complex Organizations" (Galbraith, 1973) by the same author. This is clear from the fact that Google Scholar's Database identifies a total of 2893 citations (close to 80 citations per year) for the book "Designing Complex Organizations" as against 487 citations (close to 15 citations per year). The book has also not been reviewed lately: the first reviews came in 1977, the year of publication of the book, by Parke (1978) and Reynolds (1977). While Parke's review was a comprehensive one, Reynolds' review was just a paragraph long, more of an introductory nature. In 1978, the book got a thorough, comprehensive review by Ferris (1978). Next year, the book got a short review in the Journal of American Planning Association (1979).

Before I move forward to a review of the book, I would like to share with the readers what the other reviewers, Parke and Ferris, have to say about the book. This will help make two things clear: first, it will strengthen my argument for writing the review of an authoritative book, which in turn would help attract the attention of readers to this great book; and second, it will help the readers focus on the reason why researchers need to focus on this book apart from Galbraith's, earlier often discussed book "Designing Complex Organizations".

Parke, in his review, writes the following about the book Organizational Design: "*The current book is a somewhat more ambitious undertaking, and the results are more rewarding*". He further writes that the book "*should be part of the library of anyone interested in organization structure, design or performance. For many it will become one of those dog-eared, well-used volumes that resides next to Thompson, Dubin, Perrow, March and Simon, and Etzioni*". Similar views are expressed by Ferris in his review: "*Organization Design represents a significant contribution to the field, and warrants the attention of anyone seriously concerned with keeping abreast of the organizational sciences literature*". Both the writers acknowledge that the book "Organization Design" is an important book and is a significant contribution to the literature on organizational design approaches.

In the book, "Organization Design" (Galbraith, 1977), Jay R. Galbraith has tried to present a framework for organization design. While doing so, he first tries to convince his readers that the organizations, as we see them, can be designed in a conscious manner. At the same time, he puts forward arguments for what he sees as the consequences of each organizational design. Galbraith puts a lot of emphasis on information processing inside the organization; which is quintessentially Galbraith as he has focused on this aspect in many of his earlier works (Galbraith, 1968; Galbraith and Lavin 1970; Galbraith, 1974). As Argyris, in his review of the book (Argyris, 1978) points out, the theoretical work, which Galbraith uses in this book was first published in, and has been used by him in his earlier work "Diagnosing Complex Organizations" (Galbraith, 1973). The present work is however better, and a great deal more systematic and refined than his earlier works.

In the present work, Galbraith has succeeded in linking theories with practice: he has linked the micro approaches to organization design with the macro approaches. This would help the practising readers put the theories of organization sciences into practice and test them in live scenarios. The author cites various examples and introduces many case studies to make his point clear. The case studies also help the readers understand in an easy way the problems which an 'evolving' organization can face. To Galbraith, every organization is an evolving organization that must restructure and reshape itself, whether intentionally or unintentionally, with the changing time. The application of the evolving organization can be seen applied throughout the book in a seamless manner.

The book is divided into twenty-two chapters which can be grouped into five parts: in the first part (Chapter 1 - 3), the author gives an introduction to the idea of organization design, wherein he defines organization design as a conscious, rational choice which organizations make with respect to achievement of certain goals. The author discusses previous research in the early chapters; while discussing the previous research, the author introduces past approaches to organization design and discusses their uses and deficiencies. The author argues in favour of a new approach, which combines the various approaches. Continuing with his arguments of a new approach, the author introduces a new framework for organization design: a framework based on task uncertainty. Galbraith argues that uncertainty comes primarily because of the difference in the amount of information required and amount of information processed by the organization, wherein the information required is a function of output diversity, performance level and division of labor. This way, to reduce uncertainty, one has to either reduce determinants of the amount of information required, or, increase the amount of information processed. This concept of information processing appears to bring clarity, but the author does not draw upon situations where, either because of lack of proper understanding or because of unscrupulous behavior, the

proper utilization of information is not being done. Information processing would also take a backseat if the basic resources were not in place. Galbraith also does not discuss the quality and relevance of information which needs to be processed, topics which have been discussed by earlier researchers (Ansoff & Brandenburg, 1971).

In the second part (chapter 4 - 10), the author introduces and discusses the alternatives (different organizing modes for dealing with uncertainties), which can be used to handle organizational uncertainties. The author starts with the example of Chandler's restaurant supply function to show problems related to human relations, task structure, and the information systems in place. Galbraith then discusses the nature of interventions that can be used to handle the uncertainties in the restaurant; while doing so, he analyzes the different alternatives and shows that the alternatives are non-exclusive in nature. The author also discusses the research outputs of uncertainties and their relation to decentralization. Galbraith says that one way of reducing the amount of information required by subunits is to reduce the interdependency between subunits. The four alternatives for reduction of interdependency are identified by the author as: creation of slack resources, creation of self-contained tasks, use of information technology to manage vertical information overload, and employment of lateral forms of communication and joint decision process. While discussing self-contained programs, Galbraith focuses on the cost and the benefits of maintaining self-contained programs in terms of capital, and information overload compared with the cost and benefits of maintaining integrated programs through development of lateral relations.

In his discussions of the alternatives, Galbraith focuses on the interventions, which affect mechanisms to facilitate joint-decision process. The author is also of the view that the cost and effects of the interventions be analyzed thoroughly, as interventions can lead to their own set of problems. To illustrate alternatives of organization design in live setting, Galbraith uses case methodology; his focus once again remains the development of information processing framework. In the discussions related to the choice of alternatives and the kind of intervention required, one can easily find the influence of the cognitive limits theory of Herbert Simon in Galbraith's work, something which Galbraith too acknowledges in his earlier work done on the alternatives (Galbraith, 1974).

In the third part of the book (chapter 11-13) the author identifies and discusses the problematic effects of the alternatives when they are applied in an organization; here his focus is on lateral relations inside an organization. First, Galbraith discusses the problematic effects of lateral relations, wherein he first identifies the ambiguities related to authority and responsibility in lateral relations, he then posits a probable solution through the act of responsibility charting. Galbraith also discusses how changes in an organization's environment, brought through various

coordination mechanisms, affect its power structure. In this part of the book, Galbraith's focus is on the operational problems of lateral relations inside an organization. While focusing on operational problems Galbraith is more concerned about the day-to-day operational problems, which, if left uncared-for, can hamper the daily activities inside the organization. Galbraith however does not discuss those problems, which if left unresolved can create problems for institutional effectiveness and survival. His focus, in this part of the book, seems more on increasing short-term efficiency than to look out for long-term effectiveness. To complete his discussion on lateral relations Galbraith takes two case studies through which he demonstrates the practical usefulness of the theory discussed in previous chapters; the focus here is on choosing between the alternatives to reduce uncertainties.

In the next part, that is part four of the book (chapter 14 and 15) we observe a shift in focus from change in organizing mode to change in strategy in order to deal with environmental uncertainties. Galbraith first introduces the three kinds of environment management techniques (Independent Strategies, Cooperative Strategies, and Strategic Maneuvering by organizations), which an organization can employ to deal with the external environmental uncertainties. The author gives particular emphasis on 'production smoothing problem' and analyzes it with respect to particular organizations. It might be noted that Galbraith has dealt with this problem in detail in one of his earlier works (Galbraith, 1967). The analysis of production smoothing problem would help the readers understand how organizations become dependent on users and others in the task environment.

In the fifth and final part of the book (chapter 16 - 22), the author charts out a reward system, which would link behavior to motivation. First, the author identifies the design variables and then links them to task behaviors: a framework based on choices of integrating individuals into organizations is introduced. The author introduces a behavior-motivation matrix to link behavior and motivation with one another (matrix of rewards and behavior); the purpose of this matrix is to help choose a suitable reward system in order to influence the individual's choice of job-related behaviors. Here, however, one can notice that the behavior-motivation matrix does not take into account irrational behavior by workmen like deliberate destruction of organization's properties, which may not be controlled by a rewards strategy.

Continuing with his discussion on rewards, Galbraith introduces the Motivation-Influence Model and the Dynamic Path - Goal Model, which would help predict the effect of reward policies on the goal-related behavior. The author is however skeptical of having a very correct prediction in light of many unresolved issues and the inconclusive nature of evidences. To deal with the subject of rewards in depth, the author narrows his focus to extrinsic rewards; the issue of intrinsic reward is taken up later in the book. While discussing the extrinsic rewards, Galbraith first

introduces a contingency theory of task behavior, where the focus is on extrinsic rewards primarily in terms of monetary compensation. Next, he introduces non-monetary factors of extrinsic rewards; the discussion thus shifts to a discussion on intrinsic rewards. While introducing the concept and types of intrinsic motivation, the author shifts the focus of discussion from making changes in the reward system to designing jobs and matching people with them. There is a shortfall here: there can be situations where an organization might fall short of effective and talented employees. How should organizations deal with this kind of problem? The author does not take up this issue.

Galbraith also discusses the overall design problem while discussing the reward system: how to link task with behavior, and behavior with rewards. To end the discussion on rewards, Galbraith analyzes the criteria for choosing a reward system in detail. To sum up the discussion on organization design, Galbraith introduces an integrating case with detailed analysis of the comparison and choice of eight alternatives of organization design. All through, the author discusses the reward system as a critical design variable. Finally, Galbraith argues for the development of a comprehensive design through contingency-theory approach to organization design. Having introduced the reader to the contingency-approach to organization, the author marks the end of the journey, which started with the discussion on organization and its design aspect.

Overall, the reader would find the whole journey an easy one; a journey with many smooth curves but no veers. Although the author identifies the audience primarily as managers and employees who are interested in understanding the design aspect of business organizations, the book is written in such a manner that people who have little understanding of the field of business management would also find it good reading - one which would provide its readers a substantial experience.

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