CHAPTER 7

ORGANIZATIONAL STRUCTURE, DESIGN, AND CHANGE

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ABSTRACT

Organizational structure determines how work, authority, information, accountability, and interdependence are arranged; organizational design determines whether those arrangements remain appropriate as enterprise commitments and conditions change. This chapter develops a critical, integrative treatment of structure and organizational change across firms, cooperatives, public institutions, and digitally mediated networks. It compares contingency theory, information-processing approaches, sociotechnical systems, organizational ecology, institutional theory, and organizational ambidexterity, identifying their explanatory mechanisms, competing predictions, and empirical limitations. The analysis develops twelve connected domains, from specialization, structural configurations, coordination, culture, and growth to diagnostic methods, change programmes, distributed work, innovation, and design justice. A transparent secondary-source synthesis draws on original scholarship, Rwanda's Integrated Business Enterprise Survey 2024, East African Community institutional arrangements, and peer-reviewed international hybrid-work evidence. Original decision-support instruments include a structure-selection decision tree, a structural trade-off matrix, a cross-functional workflow diagnostic, a governance and escalation design, and reproducible redesign economics. A hypothetical Kigali service enterprise and a documented regional institution demonstrate why formal reporting lines are insufficient without decision rights, resources, credible information, and equitable working practices. The chapter argues that effective structure is a provisional, revisable arrangement for handling essential interdependencies at acceptable coordination, human, and legitimacy costs. This proposition is conceptual, not a claim of newly established causal effects.

Keywords: organizational design; organizational structure; contingency theory; coordination; sociotechnical systems; institutional theory; organizational change; organizational ambidexterity; hybrid work; Rwanda.

LEARNING OUTCOMES AND CONCEPTUAL ROADMAP

On completing the chapter, readers should be able to (LO1) distinguish formal structure, enacted organization, organizational design, and change; (LO2) critically compare contingency, information-processing, sociotechnical, ecological, institutional, and ambidexterity explanations of organizational arrangements; (LO3) select and defend an appropriate structural configuration for an enterprise under explicit contextual constraints; (LO4) map information flows, authority, handoffs, and escalation for a cross-functional process; (LO5) diagnose coordination failures with valid measures and reproducible cost calculations; (LO6) formulate and evaluate a participatory, legally responsible change programme; (LO7)

assess hybrid, platform, digital, and innovative structures against performance and employee rights; and (LO8) compare a growing Rwandan enterprise with a regional institutional arrangement without mistaking institutional differences for universal design prescriptions.

The intellectual sequence is deliberate. Sections 7.1–7.2 specify organizations as both designed and emergent systems and identify the principal design parameters. Sections 7.3–7.4 examine alternative configurations and the mechanisms through which differentiated activities are actually coordinated. Sections 7.5–7.7 connect cultural and informal processes, life-cycle transitions, and evidence-based diagnosis. Sections 7.8–7.9 analyze theories and implementation of organizational change. Sections 7.10–7.12 assess distributed arrangements, innovation, and the normative limits of structural power. Sections 7.13–7.16 provide Rwandan and international applications, a conceptual synthesis, pedagogy, and references. The chapter develops the organizing dimension introduced in Chapter 5 and the execution implications of Chapter 6; board governance is treated in Chapter 8, employment systems in Chapters 9 and 11, individual-level psychology in Chapter 10, and specialist information systems and artificial intelligence in Chapters 28–29.

7.0 INTRODUCTION: WHY A NEW ORGANIZATION CHART MAY NOT FIX THE WORK

Suppose a growing service provider in Kigali has eighteen employees and serves retail, institutional, and online customers. Its founder still authorizes routine refunds, approves urgent procurement, resolves scheduling disputes, and provides final answers when customers complain. The enterprise is profitable on paper but misses service commitments. A consultant proposes three departments and a new chart. The proposal identifies supervisors but not which employee can correct a customer record, authorize a replacement, or escalate a safety exception. When the founder travels, delays persist. This constructed example frames the central problem: the formal assignment of positions is not equivalent to the working distribution of responsibility, information, authority, and mutual dependence.

An organizational structure is a relatively durable configuration of differentiated tasks, reporting and authority relationships, coordination channels, and decision responsibilities. Organizational design is the analytical and practical process of configuring those relationships to deliver a stated purpose within technological, institutional, resource, and ethical constraints. Organizational change refers to alteration in structures, routines, relationships, identities, technology, or strategic commitments over time. These concepts are related but distinguishable. An enterprise can amend reporting lines without changing everyday conduct, and its practices can change through learning without a formally announced restructuring. The distinction is visible in studies of institutional decoupling, where formal legitimacy-producing arrangements may remain only loosely connected to routine practice (Meyer & Rowan, 1977).

The central argument is not that every enterprise has one objectively ideal chart. An arrangement is adequate insofar as it enables necessary differentiation while making interdependent decisions timely, knowledgeable, contestable, and accountable; secures a minimum of financial, technical, social, and legal viability; and can be revised as conditions alter. The judgment is explicitly conditional: added formalization can reduce unsafe variation but undermine responsiveness; autonomy can accelerate local action but fragment shared commitments; digital transparency can support learning but also create intrusive surveillance. Structure therefore cannot be inferred from firm size alone, and design quality cannot be established by counting managerial layers or measuring employee satisfaction in isolation (Galbraith, 1974; Lawrence & Lorsch, 1967; Trist & Bamforth, 1951).

7.0.1 Method, source hierarchy, and reproducibility

This chapter is a critical, purposive secondary-source synthesis rather than a systematic review, meta-analysis, field investigation, or tested organizational intervention. Foundational works were selected to represent the distinctive assumptions and mechanisms of contingency, sociotechnical, information-processing, institutional, ecological, cultural, and change scholarship. Peer-reviewed empirical research was

consulted for specified findings about structural differentiation, workplace learning, organizational change, and distributed work. Official institutional documents were prioritized for claims concerning Rwanda's enterprise landscape and the East African Community's organs. Search and verification terms included “organizational design information processing Galbraith 1974,” “differentiation integration Lawrence Lorsch 1967,” “population ecology organizations 1977,” “change recipients reactions review 2011,” “Integrated Business Enterprise Survey Rwanda 2024,” “EAC organs Council Secretariat,” and “hybrid working retention randomized trial 2024.” The documentary cut-off is 24 October 2026. There is no implied exhaustive database coverage, screening flow, or unreported data collection.

Sources have different inferential authority. A classic theory explains a mechanism conditional on assumptions; a peer-reviewed trial supports an effect in its investigated population and setting; an official economic survey describes its defined statistical universe; a regional institution's website establishes its stated formal architecture; and a constructed service-enterprise calculation illustrates decisions without measuring actual business outcomes. Numerical results below show all assumptions and arithmetic. Replicating the reported international studies would require their released data and analytic procedures, while estimating organizational change effects in Rwanda would require an appropriately designed empirical inquiry. Claims of universal causation, formal accreditation, or legal conformity are not inferred from the existence of a diagram or a public document.

7.0.2 The explanatory problem: fit, selection, and legitimacy

Theoretical explanations differ in what they assume must be explained. Contingency scholars ask whether organization structure fits technological and environmental demands; information-processing theory asks how organizations reduce uncertainty or increase capacity to process it; sociotechnical theory asks whether technology and social coordination are jointly optimized; institutional theory asks why organizations adopt socially legitimate arrangements, including arrangements unrelated to technical efficiency; and organizational ecology questions whether adaptation is sufficiently rapid to explain changes in organizational populations (Burns & Stalker, 1961; Galbraith, 1974; Hannan & Freeman, 1977; Meyer & Rowan, 1977). These are not interchangeable perspectives. A company may imitate a prestigious organizational form to gain credibility while finding it poorly suited to its workflow; a structurally efficient small firm may nevertheless fail because market conditions change or financing collapses. Good scholarship separates within-organization design from population selection and external legitimacy.

An additional distinction concerns the ontology of structure. A chart is an observable representation of assigned positions, whereas organizational structure also exists as recurring constraints and possibilities generated by contracts, routines, expertise, technologies, and relationships. The analyst should therefore avoid both structural determinism, which attributes organizational outcomes directly to formal design, and voluntarism, which assumes that individual managerial choices can immediately overcome inherited resources, norms, and obligations. In the congruence approach, organizational performance depends on the interaction of tasks, people, formal arrangements, and informal organization; identifying a 'misfit' involves a specified consequence and counterfactual, not an aesthetic preference for symmetry (Nadler & Tushman, 1980). This position is especially important where power over assets and expertise is distributed outside the enterprise's formal payroll.

There is also a methodological problem of equifinality: distinct structures can produce comparable performance through different combinations of capacity, incentives, trust, and environmental conditions. Burton and Obel (2018) argue for scientifically informed, forward-looking design that links division of labor to the coordination mechanisms needed to reunite it. Their synthesis helps discipline the search for fit, but a comparative design cannot merely classify firms by 'structure' and compare their mean profits. Successful firms may select into particular designs, and a redesign can simultaneously change technology, staffing, and measurement. The most defensible contribution of organization theory is thus a set of rival, testable

explanations for particular coordination failures, not a catalogue of organizational forms labeled universally effective.

7.1 ORGANIZATIONS AS DESIGNED SOCIAL SYSTEMS

7.1.1 Formal arrangements, informal order, and organized action

Formal organization consists of explicit roles, units, contracts, reporting lines, authorized procedures, and decision rules. The informal organization comprises relationships, tacit conventions, expertise networks, negotiated accommodations, and mutual expectations that govern what people actually do. Neither is necessarily superior. A formal escalation path can protect vulnerable employees and prevent arbitrary approval; an informal technician-to-technician call can resolve a problem much faster than routing it through several managerial levels. But an informal shortcut becomes dangerous where it bypasses safety checks, hides conflicts of interest, or makes service dependent on friendship with an influential colleague (Barnard, 1938; Simon, 1947).

The organization that is enacted through practice cannot be read exhaustively from an organogram. A designated manager may possess signing authority but lack reliable information; a lower-ranked specialist may control the knowledge required for a crucial decision; a customer-service employee may informally repair defects created upstream while performance dashboards credit another department. Weick's (1976) account of loosely coupled systems illuminates how units may remain partly connected yet retain autonomy. Loose coupling can buffer local turbulence and permit experimentation, although it can also impede enterprise-wide learning and accountability. The design question is which linkages must be tight because they involve safety, cash, identity, or shared customer promises, and which may remain flexible.

7.1.2 Interdependence, boundaries, and recurrent routines

Task interdependence is not a single property. Thompson (1967) distinguished pooled activities, whose outputs collectively support a shared purpose; sequential activities, where one unit's output becomes another's input; and reciprocal activities, where parties repeatedly adjust to one another. Pooled work can often be coordinated through common standards and reporting; sequential work needs scheduling, transfer specifications, and timely exception handling; reciprocal work requires richer joint problem-solving. A service enterprise may have all three forms simultaneously: regional branches share a financial platform, billing follows service completion, and technical support and customer care iteratively negotiate a repair. A chart that ignores the actual pattern of dependency will misidentify the coordination mechanism required.

Organizational boundaries need not coincide with ownership. Outsourced accountants, cloud providers, franchised partners, delivery subcontractors, and public licensing authorities can materially shape the firm's workflow without becoming employees. The coordination system must therefore specify interfaces with external parties: who owns a customer promise, who may disclose data, who verifies a subcontractor's work, and who acts when a counterpart fails. Outsourcing does not eliminate design; it shifts design from internal reporting to contracts, monitoring, information rights, and relationship governance. Chapters 3, 18, 19, and 28 develop those specialized issues in greater detail.

Interdependence of tasks should also be separated from interdependence of knowledge. Puranam et al. (2012) show that the need for an agent to predict another agent's conduct is not identical to a simple material dependency between two tasks. Two technicians can share a sequential workstream yet coordinate reliably through an agreed specification; another pair may work on apparently separate tasks but require frequent mutual adjustment because each must anticipate uncertain choices by the other. This distinction changes practical diagnosis. Rather than automatically increasing meetings whenever tasks touch, the designer can ask whether the relevant uncertainty can be eliminated through a stable interface, pooled through a shared

resource, or addressed by reciprocal access to expertise. The answer determines the necessary quantity and quality of communication.

7.1.3 A sociotechnical and open-systems interpretation

Sociotechnical systems scholarship emerged partly from the observation that technical restructuring could disrupt effective social relationships and work-group autonomy. In their study of coal-mining work systems, Trist and Bamforth (1951) examined the human consequences of changing task technology and organization. The generalizable conceptual insight is joint optimization: a workflow should be evaluated in light of the technical task, the social capability and interdependence required to deliver it, and the effects on the people who bear implementation costs. This is a design principle rather than proof that any specific participative method will improve performance everywhere.

Open-systems reasoning adds exchange with the environment. A highly standardized service center may excel when customer requests are repetitive and predictable, but struggle when language, connectivity, payment practices, or regulatory documentation vary across clients. Effective systems require feedback from users and suppliers, not merely upward reports. The open-system view also warns that optimizing the speed of one specialist unit can increase queues, rework, or unpaid time elsewhere. A defensible redesign must identify the system boundary, stakeholder impacts, and measures of final outcomes before declaring an internal efficiency gain.

7.2 CORE DESIGN PARAMETERS

7.2.1 Division of labor, specialization, and task architecture

Division of labor separates activities to exploit expertise, repetition, and economies of attention. Specialization can improve accuracy and reduce training requirements for predictable work; it can also increase handoffs, monotony, narrow incentives, and organizational vulnerability when only one specialist knows a task. The correct level of specialization depends on uncertainty, task frequency, required accreditation, demand volume, and the costs of switching between tasks. An accounts officer should not bypass segregation of duties merely because a flexible team appears faster, while a small client-support operation may benefit from multi-skilled case ownership rather than a separate desk for every service stage.

Jobs should be designed around coherent outputs, not arbitrary fragments. A customer complaint spanning diagnosis, authorisation, fulfillment, and confirmation can be separated into specialist roles without losing a named end-to-end case owner. Conversely, assigning every task to a single generalist risks competency gaps and control failures. Design must balance functional expertise with integrative responsibility: technical specialists maintain professional standards, while an identifiable coordinator protects the overall service commitment. Employee capability, wellbeing, and fair employment effects require assessment, but specialist HR policies and work psychology belong primarily to Chapters 9–11.

7.2.2 Standardization and formalization: order without rigidity

Standardization creates common expectations about outputs, processes, skills, or professional norms. Formalization denotes the extent to which these expectations are explicitly documented and supported by official rules. They overlap but are not identical: a professional team can maintain reliable practice through shared expertise without writing every step; a heavily documented organization can still deviate from its written procedures. Standardized customer identity checks can prevent fraud, while a prescribed conversation script may obstruct sensitive problem-solving. The relevant test is whether the controlled activity has stable requirements and significant consequences if it varies.

Formalization becomes harmful when the compliance burden exceeds the risks it mitigates, the rule cannot accommodate legitimate exceptions, or employees are punished for surfacing failures. There is also a

legitimacy dimension: an enterprise may display sophisticated policies to satisfy funders while allowing routine practice to remain disconnected from them (Meyer & Rowan, 1977). Internal design reviews should therefore sample actual decisions against prescribed processes rather than counting policy documents. Traceability matters in areas of safety, payroll, financial authorisation, privacy, and legal compliance, but credible controls must leave room for reasoned and logged exceptions.

7.2.3 Centralization, delegation, and the locus of knowledge

Centralization locates decision authority in fewer organizational positions; decentralization redistributes it among units or operational actors. Centralization can protect scarce cash, enforce common standards, and coordinate exposure across interdependent branches. It can also make senior approval the critical path for ordinary activity. Decentralization can exploit local knowledge and accelerate response, yet creates inconsistency where staff lack information about organization-wide commitments. Delegation is neither an abdication of responsibility nor an unconditional right to act: decision boundaries, relevant evidence, financial thresholds, escalation triggers, and review routines must accompany it.

A practical rule is to locate a decision near the best available information unless substantial cross-unit externalities, regulatory duties, or capital exposure justify higher-level authority. Routine service recovery might be authorized up to a stated value by a case owner, with fraud indicators or safety risks escalated immediately. A central treasury can retain payment controls while operations locally schedule approved resources. The preferred distribution is hybrid, activity-specific, and revisable. In bounded rationality terms, organization design distributes not only authority but also the premises, data, and attention upon which decisions depend (Simon, 1947; Galbraith, 1974).

7.2.4 Span of control, hierarchy, and accountability density

Span of control is the number of direct reports assigned to a supervisor; hierarchy describes reporting levels and the distribution of authority among them. Neither a universal optimal span nor a universally superior 'flat' structure follows from theory. Supervisory load depends on task heterogeneity, worker autonomy, physical dispersion, digital visibility, safety exposure, and the availability of peer coordination. Eight mature specialists may require less day-to-day supervision than four newly recruited staff handling complex regulated transactions. Flattening can remove costly layers while increasing the volume of unresolved exceptions at the top.

A useful audit treats effective supervision as a capacity problem. It records decision requests per week, average handling time, variability, interruptions, and time required for developmental support. If a manager receives 70 approvals requiring an average of 12 minutes, direct processing alone consumes 14 hours weekly before coordination, employee support, or exceptional cases. This is a constructed workload illustration, not a staffing standard. The redesign options include eliminating unnecessary approvals, changing delegation limits, standardizing evidence packages, and appointing competent supervisors, rather than simply adding more reporting positions.

Organization design is rarely optimized by altering one parameter independently. Enlarging a supervisor's span may save an administrative salary while requiring better process standards, more autonomous subordinates, stronger lateral problem-solving, and suitable management information. Delegating authority without access to reliable records can increase risk; installing a reporting platform without clarifying who may act can increase surveillance while leaving response time unchanged. The relevant unit is therefore a bundle of mutually supporting design choices, not a separately scored hierarchy, span, or formalization measure. This is the reason that the multi-contingency approach assesses congruence among task uncertainty, incentives, structure, and coordination rather than treating a particular organizational configuration as a self-executing cause of performance (Burton & Obel, 2018).

7.3 STRUCTURAL CONFIGURATIONS AND THEIR TRADE-OFFS

7.3.1 Functional and divisional forms

A functional structure groups people by similar expertise, such as customer relations, operations, finance, and technology. It can deepen specialization, protect technical standards, and avoid duplicating scarce professionals. Its weakness appears when customers require coordination across departments whose goals differ. If sales is rewarded for new contracts while operations is evaluated on unit cost, each unit may perform well locally while the enterprise fails to deliver an economically viable promise. Functional design needs explicit cross-functional accountability, not merely periodic departmental reports.

Divisional structures group work around product, market, customer, or service portfolios. A divisional manager can coordinate more activities around the needs of a particular customer segment, but duplicated staff and competing resource claims may increase cost. A multidivision firm may consolidate finance and cybersecurity while giving divisions discretion over locally appropriate service design. Chandler (1962) examined historically specific relationships between strategy and administrative structure in large US corporations; the familiar 'structure follows strategy' formulation is a useful organizing hypothesis, not a universal chronological law or proof that a new chart will implement a strategy.

7.3.2 Geographic, matrix, and project configurations

Geographic units concentrate attention on territories and allow adaptation to different languages, regulatory demands, transport conditions, and customer preferences. Their disadvantages include duplicate capacity, uneven service standards, and slower enterprise-wide learning. A matrix overlays two legitimate authority dimensions, commonly function and product or region, so specialists serve both professional and delivery purposes. Its potential advantage is integration of scarce expertise across changing priorities; its characteristic hazard is unresolved dual accountability. Matrix design requires explicit decision rules for workload conflicts, performance appraisal, cost allocations, and escalation. Two supervisors cannot both be final approvers for the same decision unless a tie-breaking procedure exists.

Project and programme structures assemble temporary capabilities around an agreed deliverable, deadline, scope, and budget. They are suitable where work is nonroutine and cross-disciplinary, but temporary teams can draw scarce employees away from stable service operations and create ambiguity about who owns the result after handover. A project manager may coordinate tasks without possessing employment authority over every participant. The most credible form is chosen by asking which interdependencies dominate, not by adopting whichever organizational label appears contemporary. Detailed project management methods are developed in Chapter 21.

7.3.3 Network, partnership, and platform structures

Network organizations coordinate through relationships among legally distinct parties rather than one complete internal hierarchy. An enterprise may retain product design and customer accountability while relying on external manufacturing, support, logistics, or data services. This reduces fixed commitments and may provide specialized capability; it increases dependence on contractual quality, interoperability, continuity arrangements, and supplier accountability. The analytical boundary becomes the value-delivery system rather than the payroll list. A 'lean' headquarters can nonetheless control a large network of consequential transactions.

Platforms coordinate interactions among participant groups through access rules, matching, reputation, data interfaces, and sometimes algorithmic prioritization. Their governance may be centralized even where production is distributed. A marketplace that calls providers 'independent' can still substantially determine visibility, prices, appeals, and work opportunities. Formal legal status alone does not establish the actual distribution of power, so structure must be evaluated through decision rights and the ability to contest

adverse outcomes. Such designs also depend on cybersecurity, privacy, antitrust, and sectoral duties addressed elsewhere in this book.

7.3.4 Mechanistic, organic, and hybrid design choices

Burns and Stalker (1961) contrasted mechanistic arrangements, emphasizing hierarchy, differentiated duties, and formal prescriptions, with more organic arrangements characterized by lateral consultation, flexible responsibilities, and adaptive coordination. The distinction helps specify a trade-off between control under predictable tasks and adaptation under uncertain tasks. But 'organic' is not synonymous with superior performance: emergency response may demand clear command, while a stable back-office process can profit from standardization. The same organization may appropriately combine both logics. An innovative service unit needs exploration and customer feedback, while payment authorization requires defensible controls.

Mintzberg's (1980) synthesis adds a more discriminating explanation of archetypes. His simple structure coordinates substantially through direct supervision; machine bureaucracy through standardized work; professional bureaucracy through standardized skills; divisionalized forms through standardized outputs; and adhocracy through mutual adjustment. These categories describe dominant coordination logics rather than exclusive organizational species. A Rwandan professional-service practice may depend on credentialed expertise, standardized billing, founder-centered business development, and ad hoc interdisciplinary project teams at the same time. The value of the framework lies in asking which coordinating mechanism governs each critical activity and which part of the organization acquires decision influence. Its limitation is that contemporary platform boundaries, cross-employer teams, and automated decision rules may blur the internal organizational units presupposed by the original typology.

The contrast with emerging forms should also be analyzed rather than dramatized. Puranam et al. (2014) argue that novel forms of organizing still confront enduring problems of task division, task allocation, reward provision, and information provision. Online communities and digitally coordinated networks may solve some of these problems through contributions, reputation, or algorithmic selection rather than conventional employment supervision, but those choices still allocate control and exclusion rights. Accordingly, 'flat', 'networked', or 'agile' should not be accepted as evidence that authority disappeared. A rigorous structural description identifies the actual mechanism that allocates work, authorizes exceptions, resolves disputes, and controls access to valuable information.

TABLE 7.1 | Structural forms: coordination benefits, costs, and boundary conditions

Configuration	Primary advantage	Characteristic risk	Most relevant condition
Functional	Expertise, shared standards, scale	Departmental silos and handoffs	Repeated specialist work; integrators available
Divisional/product	Customer or offering accountability	Duplication and portfolio rivalry	Distinct portfolios requiring integrated response
Geographic	Local adaptation and proximity	Fragmented systems and uneven standards	Strong territorial heterogeneity
Matrix	Combines product and professional expertise	Dual authority and overload	High cross-dimensional dependence
Project	Temporary integration around an outcome	Handover loss and resource contention	Time-bounded novel delivery
Network	Access to external capabilities	Contracting and reliability exposure	Modular interfaces and capable partners
Platform	Scalable participant coordination	Opaque rules and dependency asymmetry	Multi-sided interactions and data governance

Note. Original comparative synthesis based on Chandler (1962), Burns and Stalker (1961), Lawrence and Lorsch (1967), Galbraith (1974), and Baldwin and Clark (2000). These are conditional design heuristics, not empirical rankings of structural performance.

7.4 COORDINATION, INFORMATION FLOWS, AND DECISION RIGHTS

7.4.1 Differentiation creates an integration requirement

Lawrence and Lorsch (1967) showed, in their comparison of six organizations, that units facing distinct task environments could develop different time horizons, goals, and working orientations. Their empirical argument linked performance to managing differentiation and integration together, not to eliminating specialization. Research and development may need experimental time horizons while cash management requires immediate financial discipline; sales seeks speed while quality assurance must sometimes delay release. These orientations are not evidence of disloyalty. They are partly produced by the legitimate demands of different tasks. Design failure occurs when no mechanism converts these differing priorities into coherent commitments.

Coordination mechanisms differ in richness and cost. A hierarchy can settle defined conflicts; standard operating procedures can coordinate frequent, predictable interchanges; shared data fields can reduce interpretation errors; liaison roles and cross-functional teams help resolve reciprocal uncertainty. Galbraith (1974) argued that task uncertainty raises information-processing requirements and that organizations can respond by reducing information needs, creating slack or self-contained work groups, or increasing information-processing capacity through vertical systems and lateral relationships. The lasting insight is a design choice: more meetings are not always the solution; reducing unnecessary dependencies may be more powerful.

7.4.2 Process ownership and information architecture

Each important customer outcome should have an end-to-end process owner with a defined mandate to see performance across boundaries, while functional specialists retain technical standards. The process owner is not necessarily the line supervisor of everyone involved. For an institutional service contract, an owner might monitor demand acceptance, scheduling, delivery, invoicing, and resolution of exceptions. A shared case identifier permits cross-functional traceability; version-controlled service specifications protect against inconsistent promises; an exception log distinguishes ordinary delay from decisions requiring additional authority. Data access should be role-appropriate, because unrestricted visibility is not a substitute for lawful and secure information design.

An adequate information system records events at the point where decisions are made and separates leading from lagging indicators. An order may be 'completed' within the service department while remaining unbilled because finance has not received valid documentation. Counting department completions without identifying the shared outcome inflates success. Process data should distinguish requests received, eligible requests, work in progress, customer-confirmed completion, rework, and abandoned cases. Missing fields, duplicate records, and changing definitions can create apparent performance gains. Chapter 4's measurement discipline applies as rigorously to structural diagnostics as to market analysis.

7.4.3 Decision-rights allocation and exception protocols

Responsibility for doing work, authority to commit organizational resources, professional authority to attest technical adequacy, and accountability for outcomes need not occupy the same role. Confusion arises when everyone is 'responsible' in a generic sense but no one can resolve conflict. A decision register should specify the decision class, information owner, proposer, authorized decider, implementing party, review threshold, and escalation time. The RACI shorthand (responsible, accountable, consulted, informed) can be useful if

adapted carefully; it is not a substitute for the actual legal or managerial allocation of decision rights. A single named accountable decision owner for each relevant decision class reduces ambiguity, while ensuring consultation with safety and compliance specialists when required.

Coordination is not synonymous with either communication volume or managerial agreement. Okhuysen and Bechky's (2009) integrative review distinguishes three conditions that coordination mechanisms can create: accountability, predictability, and common understanding. A shared dashboard may increase common understanding without establishing accountability; a fixed service-level agreement may improve predictability while leaving exceptional cases unowned; a named process owner may clarify accountability but lack information about system constraints. An effective design specifies how each mechanism contributes to all three conditions where needed. This helps explain why an expensive collaboration system may fail to improve delivery if no actor has authority to reconcile conflicting commitments.

For particularly consequential decisions, the decision register can be complemented by an explicit separation between proposal, technical clearance, financial authorization, execution, and ex post review. One individual may occupy more than one role in a microenterprise, but incompatible activities should not be combined simply because headcount is small. Where independent segregation is impossible, compensating controls can include owner review of exception logs, independent bank confirmations, supplier-reconciliation checks, and restricted access privileges, subject to the applicable law. Such protections should be assessed for genuine detectability and timeliness, not treated as formalistic paperwork. This interface with finance, operations, customer relations, and information systems shows why structural clarity is a necessary condition for enterprise-wide accountability but cannot alone establish its effectiveness.

TABLE 7.2 | Illustrative decision-rights register for a growing service SME

Decision class	Proposes / prepares	Authorizes	Mandatory constraint / escalation
Routine schedule within staffing plan	Service coordinator	Operations lead	Escalate overtime, capacity or safety exception
Service refund up to RWF 40,000	Case owner	Customer-service lead	Record evidence; suspected fraud to founder/finance
Change of customer contract terms	Account manager	Founder / designated commercial head	Legal and finance review for material exposure
Vendor payment release	Accounts preparer	Two authorized signatories under policy	No approver prepares own supporting transaction
Customer-data disclosure	Data custodian	Designated authorized officer	Lawful basis, minimum disclosure and audit trail

Note. Fully hypothetical delegation thresholds and roles; no claim is made about actual Rwandan company policies or statutory thresholds. The design is a teaching instrument, not legal advice.

An exception protocol is effective only if time-bound and psychologically credible. Employees must know what constitutes urgency, whom to contact, how to document a deviation, and how to secure a later review without personal retaliation for responsibly disclosing a defect. Escalation volume itself is diagnostic: repeated approval of the same low-risk case may reveal under-delegation; repeated emergencies may reveal deficient demand planning or capacity. More formal meetings cannot compensate for a rule that locates authority with a person who cannot be reached within the service window.

7.5 CULTURE, IDENTITY, AND INFORMAL SYSTEMS

7.5.1 Culture as patterned assumptions rather than a slogan

Organizational culture refers to patterned assumptions, meanings, values, and practices through which participants interpret circumstances and regulate expected conduct. Culture differs from declared corporate values: the phrase 'customers first' has limited analytical significance if managers reward only call speed and routinely suppress complaint records. Schein's (2010) distinction among visible artifacts, espoused beliefs, and deeper shared assumptions helps diagnose the gap between what an organization advertises and what its members learn to regard as safe, feasible, and rewarded. Cultural understanding requires attention to history, hierarchy, occupational groups, and recurring decisions; a short anonymous survey may capture reported climate but cannot by itself establish the causes or coherence of shared assumptions.

An organization may contain different occupational subcultures. Engineers, finance professionals, field technicians, and relationship managers confront different risks and use different standards of evidence. A single imposed culture programme can erase useful differences while failing to address actual conflict. The important question is whether those differences are compatible with a small number of shared behavioral obligations: truthful reporting, respect for persons, safe work, competent service, and willingness to correct errors. The ability of a junior worker to report a breach is more revealing than posters describing openness. Edmondson's (1999) field study of 51 teams associated psychological safety with learning behavior, but the study does not establish that any imported training programme will produce an equivalent causal effect in a different institution.

7.5.2 Trust, social networks, and tacit coordination

Trust reduces the need to renegotiate every routine interaction, but it is not a universal substitute for verification. Experienced employees may exchange highly contextual knowledge rapidly through interpersonal networks that never appear on a chart. New employees, outsourced workers, or remote colleagues may be excluded from such networks and thus experience longer handoff delays. A sensible design captures essential knowledge in accessible process records while preserving the benefits of expert discussion. Over-standardizing judgment can impoverish adaptation; leaving every rule tacit can entrench informal gatekeepers.

Trust and accountability should reinforce rather than oppose each other. An organization can trust competent employees to make bounded decisions while auditing outcomes proportionately. It can cultivate openness to errors while maintaining consequences for deliberate deception. Institutional theory provides a further caution: where regulators, clients, professional bodies, or donors favor particular formal structures, an enterprise may adopt their language to secure legitimacy even though the operational routines remain unchanged (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). Managers should assess enacted practice and its consequences, not merely the presence of a named culture, committee, certification, or risk policy.

7.5.3 Culture–performance claims and identification problems

Culture research often correlates attitudes, management practices, and organizational performance. Such associations warrant attention but do not automatically establish a causal direction. Financial success may provide resources for employee support, which are later credited with producing that success. A powerful brand can attract both motivated workers and favorable customers, making culture appear to explain a performance premium that partly reflects selection. Different occupational groups may also interpret identical survey questions differently. Comparative work therefore needs temporal ordering, credible alternative explanations, valid measures, and sufficient variation in organization and institutional context.

A practical cultural diagnosis should triangulate policy statements, observed decisions, turnover patterns, incident logs, safe reporting channels, and employee perceptions. Repeated discrepancies should be examined

with procedural fairness rather than treating dissent as proof of disloyalty. Where firms rely heavily on family networks or referrals, relational trust may support resilience, yet it can also create favoritism, silence, or unequal opportunity. The aim is not to eliminate all informal ties; it is to ensure that the power exercised through them remains visible, contestable, and compatible with legitimate organizational purposes.

A critical theory of culture must also recognize its disciplinary potential. In an ethnographic study of self-managing teams, Barker (1993) described how peer-generated norms could become a form of concertive control experienced as more demanding than prior managerial supervision. The finding cautions against equating flatter structures with freedom or interpreting strong cultural consensus as proof of voluntary commitment. Performance incentives, recruitment selection, surveillance capabilities, and informal sanctions may shape what workers feel permitted to say. A culture of apparent harmony might conceal unrecorded overtime or difficulty challenging a powerful team. Assessment must ask whose norms are enforced, whose voice is missing, and which consequences follow dissent.

7.6 ORGANIZATIONAL LIFE CYCLE AND GROWTH

7.6.1 Entrepreneurship, scaling, and the crisis of founder-centered control

A new enterprise often depends on a founder who combines marketing, financing, technical knowledge, and customer relationships. Such concentration can be rational when scale is small and commitments can be personally monitored. Growth changes the mathematics of attention. As customers, transactions, locations, employees, and regulatory interfaces multiply, the number of possible information and coordination exchanges can rise faster than the payroll count. Delegation and standardization become necessary not simply because 'large companies need bureaucracy' but because the original decision maker can no longer examine every exception without delaying the enterprise.

Greiner's (1972/1998) influential evolution-and-revolution interpretation proposes that organizational solutions appropriate to one growth period can generate tensions in the next, including crises of leadership, autonomy, control, or bureaucracy. The framework is diagnostically useful, not a universal developmental timetable. Businesses do not necessarily pass through the same phases, and economic distress may arise from weak demand rather than structural maturation. A modest service firm can remain small by choice while operating sophisticated controls, and a rapidly growing platform may retain centralized algorithmic governance despite distributing service production.

7.6.2 Bureaucracy, decentralization, and professionalization

As enterprise scale rises, documentation, budget procedures, role definitions, and internal review can protect continuity and curb arbitrary decision-making. Professionalization need not involve creating a large managerial caste; it can mean separating ownership and operational approval, documenting indispensable processes, establishing competent supervision, and giving technical experts authority over matters they are qualified to judge. In smaller enterprises, routine digital records and shared checklists may provide much of the benefit of formal hierarchy at lower cost. The cost of missing records becomes apparent when a founder departs, a dispute arises, or responsibility for cash and data cannot be reconstructed.

The danger lies in adding reporting lines as ends in themselves. A branch manager may be held accountable for client response without authority to deploy overtime; a procurement officer may be judged on unit costs while bearing none of the costs of defective inputs. Organizational design should reconcile financial commitments, accountable authority, and competence. Where responsibilities are not transferable, such as certain statutory or professional duties, decentralization must preserve the authorized oversight and documentation required by the jurisdiction. Otherwise the 'empowered' structure conceals an allocation of personal risk without genuine decision rights.

7.6.3 Turnaround, decline, and structural inertia

Organizations may retain established arrangements because skills, identities, sunk investments, political bargains, and customer contracts are difficult to reconfigure. Hannan and Freeman (1977) emphasized structural inertia and selection in populations of organizations as an alternative to accounts assuming pervasive managerial adaptation. Their perspective does not imply that no organization can change; it asks whether changes in individual organizations suffice to explain survival and population transformation. An operating enterprise can therefore be internally well designed relative to past conditions and still become unviable when its market or institutional environment changes.

A turnaround assessment must distinguish a failing configuration from a failing commercial proposition. Eliminating a hierarchy cannot make an uneconomic customer segment profitable; consolidating branches may improve costs but destroy customer access and reputation. The most serious reversals often combine design, strategic, liquidity, and human consequences. Management should model workforce transition costs, service continuity, contract obligations, loss of tacit knowledge, and effects on remaining staff before assuming that restructuring savings equal salaries removed. Chapters 6, 24, and 32 examine strategic, financial, and resilience aspects more fully.

The possibility of change does not eliminate the constraints of organizational history. Existing routines embed accumulated learning, contracts allocate expectations, and employees develop identities and competencies around established responsibilities. Greenwood and Hinings (1996) examine radical organizational change through the interaction of institutional contexts, interests, values, and organizational capacities. Their argument cautions that a new formal template is unlikely to become enacted practice when the dominant coalition does not support it or the resources required for change are absent. By the same reasoning, stakeholder disagreement is not merely an implementation obstacle; it may reveal incompatible institutional purposes or legitimate claims that redesign cannot simply override.

7.7 DIAGNOSING ORGANIZATIONAL PROBLEMS

7.7.1 From symptoms to mechanisms

Role ambiguity, duplicate approval, missing data, inconsistent incentives, skill scarcity, communication overload, and long queues are observable problems but not necessarily their own causes. An employee who repeatedly misses deadlines may face inputs that arrive incomplete; a department with high cost per transaction may handle the unusually complex cases that another department rejects. Blaming individuals from aggregated performance indicators risks ecological inference and demoralization. A valid diagnostic identifies the unit of work, the expected outcome, process stages, upstream dependencies, authorized decisions, observed variation, and plausible rival explanations.

The diagnosis should begin with a shared process map rather than an untested preferred remedy. Select a representative outcome, such as a complaint resolved and confirmed by the customer. Record the actual path of typical and exceptional cases; identify re-entry loops, information gaps, waiting for approval, and decisions that lack a clear owner. Comparison between the written procedure and the enacted process can reveal well-intentioned workarounds as well as control failures. The process owner then distinguishes preventable rework from necessary quality checks and distinguishes chronic demand overload from intermittent volatility. These distinctions determine whether the solution requires training, improved source data, delegation, additional capacity, interface redesign, or a strategic reduction in unnecessary complexity.

7.7.2 A multidimensional diagnostic instrument

A comprehensive review can be organized around six design questions: Is the output and beneficiary clear? Are the required capabilities available? Does each critical decision have a lawful, competent owner? Are information and handoff specifications adequate? Can employees safely challenge errors and obtain

assistance? Do performance measures capture final results rather than local appearances? The answers should be supported by documents, traceable operational records, and structured feedback from affected actors, not by managerial intuition alone. If primary data are collected in a future study, informed procedures, legal permissions, confidentiality, and research ethics would become necessary; no such fieldwork is claimed here.

An organization diagnosis is stronger when it distinguishes system inputs, transformation processes, and outputs rather than attributing difficulties to vague 'culture' or 'poor structure'. Nadler and Tushman's (1980) congruence framework helps frame the problem as a set of relationships among work, people, formal arrangements, and informal behavior. For instance, an apparently inefficient service unit may face a task design that presupposes a skill its employees were never trained to acquire; a 'resistant' department may have incentives that penalize its contribution to a shared outcome. An appropriate investigation samples individual cases along the whole service chain, compares routine and exceptional work, and asks whether rival explanations would generate observably different timing, error, or workload patterns.

TABLE 7.3 | Organization diagnosis: symptoms, competing mechanisms, and discriminating evidence

Observable symptom	Possible structural explanation	Rival explanation	Evidence that helps distinguish
Slow service approval	Excessive centralization	Incomplete request evidence	Approval timestamps and completeness at intake
Frequent rework	Weak handoff standards	Changing customer requirements	Defect type, stage, origin, and specification version
Duplicated purchases	Unclear decision rights	Deliberate emergency resilience buffer	Purchase authorizations and stockout events
High staff turnover	Unfair workload or opaque progression	External wage competition	Exit patterns, comparable roles, workload, labor market
Poor cross-unit learning	Functional silos	Insufficient common cases	Cross-unit ticket networks and case-mix changes
Policy compliance gap	Ceremonial formalization	Resource or training deficiency	Observed practice, resourcing and exception records

Note. Original diagnostic matrix grounded in Galbraith (1974), Meyer and Rowan (1977), Edmondson (1999), and evidence-based management principles. Every proposed mechanism requires context-specific testing.

7.7.3 Quantitative flow analysis and hidden coordination costs

A queueing identity can make a coordination issue measurable. Little's law states that, under relevant stable-system conditions, the average number of units in a system is equal to the long-run average throughput rate multiplied by the average time spent in that system: $L = \lambda W$, where L is the mean work in process, λ is the mean completed units per time unit, and W is mean system time in matching time units (Little, 1961). For a wholly illustrative service operation completing 150 cases over five working days, $\lambda = 30$ cases/day. If mean system time is three working days, implied average work in process is $L = 30 \times 3 = 90$ cases. At an otherwise unchanged throughput and a two-day mean, it becomes 60. This suggests that 30 fewer open cases may accompany a genuine reduction in cycle time, not that a new organization chart automatically achieves the reduction.

The identity is descriptive, not an intervention-effect model. It requires compatible units and an appropriate stable system; severe seasonality, changing case mix, re-entry, abandoned cases, and inconsistent definitions complicate application. To estimate the financial consequences of an organizational remedy, identify incremental labor spent on rework, customer credits, expedites, lost contribution from displaced work,

implementation expense, training and cybersecurity costs, and the risk of disruption during transition. Where staff are salaried, reducing time spent on rework may free capacity without immediately creating a cash saving. A proper business case separates avoided expenditure, released capacity, and potential incremental income to avoid double counting.

7.7.4 Worked redesign economics and sensitivity

Consider a hypothetical Kigali service firm handling 500 completed cases per month. Its baseline rework rate is 24%, or 120 reworked cases. A proposed change is expected, not proven, to reduce that rate to 14%, or 70 cases: 50 reworks avoided monthly. If each rework would otherwise cause RWF 12,000 of truly incremental expense, expected gross avoidance equals 50 × 12,000 = RWF 600,000 per month. A redesigned coordination role costing RWF 190,000 per month and the monthly equivalent of supporting systems and training costing RWF 160,000 produce RWF 350,000 in added monthly expense. The projected net recurrent benefit is thus RWF 250,000 per month, or RWF 3,000,000 over twelve unchanged months, before taxation and any additional consequences.

If the intervention also requires RWF 2,400,000 paid at inception, the undiscounted payback is 2,400,000/250,000 = 9.6 months. Assuming twenty-four identical end-of-month net benefits, a 15% effective annual discount rate implies monthly r = 1.15^(1/12) − 1 ≈ 0.011715. The illustrative net present value is NPV = −2,400,000 + 250,000 × [1 − (1 + r)^−24]/r, approximately RWF 2.80 million. This is a decision illustration, not an observation or causal estimate. It must not be used to claim a measurable gain for a real enterprise. The calculation excludes any terminal value and treats the additional monthly outlay as recurrent.

Sensitivity changes the conclusion. If the improvement were only five percentage points, rather than ten, 25 reworks would be avoided monthly, gross expense avoidance would be RWF 300,000, and the net recurrent effect would be negative RWF 50,000. Conversely, avoiding a greater number of reworks is insufficient if the supposed RWF 12,000 per case is mainly allocated overhead rather than avoidable cash cost. A pilot should therefore predefine eligible cases, a stable rework definition, a comparable observation window, and adjustment for case mix and seasonality. The operational outcome should include timeliness, quality, customer impacts, employee workload, and control exceptions, not cost alone.

The decision can be expressed more generally. Let N denote the monthly number of eligible completed cases, p_0 and p_1 the baseline and expected post-change rework proportions, c the incremental avoidable cost per rework, F the added monthly recurrent expenditure, and K the up-front implementation cost. The expected monthly net cash contribution is B = N(p_0 − p_1)c − F. With a monthly discount rate r and T end-of-month periods, NPV = −K + B[1 − (1 + r)^(−T)]/r, provided r is positive and B is constant. The algebra clarifies a crucial break-even condition: the reduction in rework proportion must exceed F/(Nc). For the worked assumptions, this is 350,000/(500 × 12,000) = 0.05833, or approximately 5.83 percentage points. Improvements smaller than this threshold fail to cover recurrent cost even before the up-front expenditure is recovered.

Sensitivity is not confined to a single variable. If the 500-case workload rises because the intervention attracts additional demand, labor needs and case mix may change; if customers receive fewer defective cases, some benefits may occur as increased retention rather than avoidable current cash expenditure. These consequences require separate measurement and must not be counted twice. A credible appraisal distinguishes cost reductions that release cash, capacity that can be redeployed, service benefits valued by customers, and distributional effects on workers. The resulting decision may rationally favor a safer but smaller intervention when uncertainty is high or the change is difficult to reverse. The correct managerial conclusion is conditional approval with baseline verification and pilot stop rules, not an unconditional forecast of RWF 2.8 million in realized benefit.

7.8 ORGANIZATIONAL CHANGE THEORIES

7.8.1 Episodic and continuous change: conceptual tensions

Organizational change theories differ in whether they depict adaptation as a deliberately managed event or as a continual pattern of local adjustment. Lewin's (1947) field-theoretic perspective examined the forces that maintain behavior and the conditions under which a social equilibrium changes; the later familiar unfreeze–change–refreeze summary is a simplifying pedagogical interpretation, not a complete explanation of organizational dynamics. Weick and Quinn (1999) contrasted episodic and continuous change, distinguishing different rhythms, assumptions about inertia, and appropriate interventions. A restructuring following an acquisition may be comparatively episodic, whereas service improvements accumulate through recurring local learning. Treating both through one fixed implementation sequence obscures their different causal structures.

Planned change approaches can provide structure for high-risk transitions where dependencies must be sequenced. Kotter (1995) highlighted urgency, a credible guiding coalition, direction, communication, action, visible progress, and embedding new practices. This is an influential practitioner framework based on managerial observation, not a randomized proof that eight fixed steps are universally necessary or sufficient. A change programme can fail despite compliance with its stages when its underlying strategy is economically unsound, workers lack capabilities, authority is illegitimate, or the intervention neglects the surrounding institutional context. Conversely, emergent adjustment is not necessarily disorder; when constrained by valid purpose, safe experimentation, and documented learning, it may reveal operational knowledge unavailable during central planning.

7.8.2 Readiness, resistance, participation, and change recipients

Readiness is not merely positive sentiment. Armenakis et al. (1993) distinguish perceptions and attitudes before change from the process of cultivating the belief that a specific change is necessary and feasible. A worker may understand the reason for redesign while legitimately doubting whether leadership will supply adequate training, compensate extra duties, or protect promised employment terms. Describing such concerns as irrational 'resistance' forecloses learning. Oreg et al. (2011), in a review of 79 quantitative studies from their specified historical window, showed that recipients' reactions relate to prior characteristics, organizational context, change content, process, and perceived consequences. The review supports nuanced diagnosis rather than an assumption that communication alone converts opposition into acceptance.

Participation improves the informational and moral quality of redesign when affected employees can substantively shape decisions. It should not be ceremonial consultation after all material choices have been settled. Staff and representatives may identify operational contingencies, hidden demands, unequal workloads, or safety barriers missed by the design team. Yet consensus is not always achievable and should not be claimed where a lawful, urgent decision must be made. Responsible leadership explains the decision basis, discloses what is negotiable, provides reasoned responses, and protects safe challenge. Affected parties' views are evidence about work and consequences, but they do not automatically establish future performance effects. Technical tests and ethical deliberation remain distinct and complementary.

7.8.3 The limits of universal change-failure claims

Claims that a fixed percentage of organizational change programmes fail are popular but usually depend on imprecise definitions of success, heterogeneous interventions, selective samples, and retrospective judgments. Such an aggregate should not be carried into academic prose without a verifiable population, measurement method, and time horizon. The outcome of a digital workflow pilot can be defined as customer-confirmed resolution time or avoidable error rates; the outcome of a merger may involve survival, market share, mission continuity, retention, and regulatory integration. An evaluation lacking pre-change measures, a

suitable comparator, and explicit time points cannot isolate the contribution of the change intervention from demand shocks, seasonality, personnel turnover, or concurrent technology adoption.

The deeper theoretical issue is whether organizational change is selected, learned, imposed, or negotiated. Ecological accounts foreground inertia and survival selection, institutional accounts foreground normative pressures and legitimacy, information-processing theory foregrounds coordination load, and sociotechnical approaches foreground work-system redesign and participant knowledge. None makes the others irrelevant. A multidimensional change diagnosis asks what pressure created the change, which actors can authorize it, which mechanisms should alter outcomes, what implementation constraints remain, and what observations would refute the expected benefit. These questions are more useful than announcing that the enterprise must become 'agile' or 'transformational.'

The often-repeated assertion that 70% of change initiatives fail offers a useful example of how managerial folklore can outlive its evidentiary basis. Hughes (2011) traced several published claims behind that figure and found no valid and reliable empirical basis for treating it as a general failure probability. This does not imply that organizational change usually succeeds; it shows that failure must be defined for a specified intervention, setting, population, time horizon, and criterion. A programme might deliver planned technology installation but fail to improve customer outcomes, or improve financial performance while imposing unjustifiable burdens on employees. Reporting these as one undifferentiated 'success rate' would conceal what scholars and practitioners actually need to learn.

7.9 CHANGE PROGRAMME DESIGN AND EVALUATION

7.9.1 Constructing a defensible change case

A change programme should begin with a problem statement that names its relevant population, baseline behavior, affected outputs, and consequences. 'Improve collaboration' is not a sufficient decision criterion; 'reduce customer cases returned for missing information while maintaining audit completeness and reasonable workload' identifies a testable result. The programme sponsor should state strategic relevance, authorized scope, excluded activities, resource envelope, legal obligations, and conditions for stopping or modifying the intervention. The design should also record a no-change counterfactual and at least one less disruptive alternative, because presenting redesign as the only response invites confirmation bias.

A stakeholder assessment identifies groups with decision power, operational knowledge, exposure to harm, and formal rights to consultation. It should include customers and suppliers where service changes alter their commitments, employees whose roles are reallocated, management and oversight authorities, and professional or regulatory actors when material obligations arise. Materiality is not identical to political influence: a low-paid frontline worker may face significant livelihood consequences despite having little authority to block the plan. A structured record of anticipated benefits, costs, uncertainties, contestable assumptions, and appeals helps make these asymmetries visible.

7.9.2 Sequencing, ownership, capabilities, and transition protection

The programme should map dependencies: revised authority cannot operate before staff training and evidence access; customer-facing promises should not change until fulfillment procedures exist; payment rules should not be delegated without suitable controls. A sensible sequence includes baseline mapping, co-design, legal and ethical review, instrumented pilot, evidence review, controlled scale-up, and an explicit stabilization and learning stage. These are adaptable work packages rather than a supposedly universal seven-step change law. Each has a responsible owner, deliverables, exit criteria, contingency process, and realistic staff-capacity budget.

Transition risk is often underestimated because a future-state chart looks cleaner than the existing system. During conversion, two systems may run concurrently, trusted employees may leave, legacy data may be

incomplete, and exceptions may initially rise. Controls should include parallel reconciliation for critical records, backup approvers, service-continuity thresholds, password and access-right review, documentation of grandfathered contracts, and protected employee feedback. It is not sufficient to announce new titles or acquire collaboration software. Readiness must be demonstrated through training completion, realistic role simulations, tested exception handling, and proof that the required decision data reach authorized staff.

TABLE 7.4 | Change programme stage, required evidence, and stop-or-revise rule

Stage	Decision evidence	Responsibility	Illustrative stop / revise trigger
Baseline diagnosis	Case-level flow, errors, staffing and cost definitions	Process owner with analyst	Data quality too poor to identify the problem
Design alternatives	Options, constraints, employee impact and risk register	Design group and sponsor	Unresolved safety, legal or rights conflict
Participatory pilot	Training, delegated authority and control tests	Pilot manager and worker representatives	Unacceptable customer harm or control failure
Evaluation	Predefined comparison, service, cost and fairness indicators	Independent reviewer where feasible	No credible net benefit or adverse distributional effects
Staged deployment	Capacity, fallback, continuity and system access checks	Authorized implementation lead	Incident volume exceeds tolerance
Stabilization	Post-change monitoring and exception learning	Permanent process owners	Persistent unowned decisions or backlogs

Note. Proposed applied instrument synthesizing Armenakis et al. (1993), Weick and Quinn (1999), Oreg et al. (2011), and evidence-design principles. Triggers must be calibrated for the actual enterprise and jurisdiction.

7.9.3 Evaluation design and attribution

A disciplined evaluation distinguishes implementation fidelity, intermediate mechanisms, final outcomes, and unintended effects. Fidelity asks whether the revised authority actually reached users, systems were accessible, and staff received competent training. A mechanism measure asks whether approvals or handoff defects declined. Final outcomes measure customer-confirmed completion, quality, costs, and employee impacts. If multiple units are available, a staged rollout or credible comparison can strengthen causal inference; if a single unit changes at one moment, interrupted time-series evidence may be suggestive but remains vulnerable to concurrent shocks. Selection into a pilot and anticipatory behavior can bias estimates. Chapter 4 develops these research designs and their assumptions in depth.

Management should set decision thresholds before observing results: what counts as a meaningful change, which harms are unacceptable, and when the pilot ends. A practical evaluation report publishes the number and definition of eligible cases, baseline and comparison windows, missingness, process changes, adverse events, cost assumptions, and alternative explanations. Staff experience should be assessed ethically and anonymously where appropriate, with safeguards against reprisals. Negative or inconclusive findings are not implementation failures to be concealed; they are part of the organization's evidence for whether a change should be modified, abandoned, or attempted under different conditions.

Implementation assessment should also scrutinize the temporal ordering of change effects. Training costs commonly occur before throughput benefits; staff anxiety may rise in the transition period without implying permanent harm; improvements may be temporary if a sponsor gives the pilot exceptional resources unavailable at scale. A reasonable evaluation therefore distinguishes launch, stabilization, and steady-state periods and reports the allocation of staff time, changes in measurement rules, and any contemporaneous commercial shocks. Where the programme affects interdependent branches, the assumption that untreated

comparison sites are unaffected may fail because staff, customers, or information spill across sites. The evaluation must specify how these spillovers are handled rather than reporting precision estimates divorced from the enterprise system (Hughes, 2011; Weick & Quinn, 1999).

7.10 HYBRID, REMOTE, AND DISTRIBUTED WORK

7.10.1 Physical presence, task architecture, and differentiated flexibility

Remote work changes where some activities occur, not the fundamental need to coordinate them. Hybrid arrangements combine remote and shared-site work in various proportions; distributed organizations may coordinate across geographic locations, time zones, employment relationships, and organizational boundaries. Task interdependence and service requirements are the primary design considerations. A software analyst producing a defined component may work effectively asynchronously, whereas a clinical intervention, physical inspection, or food-service operation requires appropriate on-site capability. A universal policy treating all occupations identically can appear procedurally simple while being substantively inequitable because their tasks and constraints differ.

The evidence does not support a single claim that remote work either always increases or always reduces productivity. In a randomized experiment involving 1,612 employees at Trip.com, Bloom et al. (2024) found that a two-day-per-week home-working option reduced employee quit rates by approximately one third without detecting an adverse effect on the performance measures examined; the authors reported heterogeneous retention benefits and provided materials permitting further replication. The trial was conducted within defined professional functions of a Chinese technology-related company and does not establish equivalent outcomes for all sectors or low-connectivity contexts. In a different setting, Yang et al. (2022) analyzed collaboration among 61,182 Microsoft employees during a broad transition to remote work and reported a more static and siloed collaboration network. Differences in treatment, outcome, work setting, data, and timing matter. The studies address distinct mechanisms and should not be forced into a simple universal verdict.

7.10.2 Coordination protocols and asynchronous decision-making

Distributed work requires clear documentation of what can be decided asynchronously, what requires live interaction, and when a silence is interpreted as approval versus an unresolved risk. A remote service organization might establish shared service-ticket ownership, standard definitions of readiness, response windows by urgency, written decision records, agreed handover protocols, and restricted-access knowledge repositories. A coordination meeting adds value when participants must resolve uncertainty or trade-offs, not merely repeat information already available on a shared dashboard. When multiple time zones are involved, reliance on one universal meeting hour can systematically burden workers located far from headquarters; rotating times, asynchronous summaries, and explicit coverage shifts distribute that burden more fairly.

Cross-functional knowledge sharing must also be intentionally preserved. Team autonomy without structured opportunities for interaction can deepen silos. Periodic in-person work, digital communities of practice, peer reviews, and rotating boundary-spanning roles are possible remedies, but they should be evaluated against real transaction and learning outcomes rather than assumed effective from participation counts. A remote employee who attends many video meetings may still receive critical information too late to contribute. Organizational quality depends on access to meaningful information and authority, not on a proxy measure such as online status or volume of messages sent.

7.10.3 Digital oversight, privacy, cybersecurity, and psychosocial risk

Digitally mediated management can collect timestamped traces of tasks, location, communications, and performance. Such data can reveal delays and help allocate scarce capacity, but raw activity counts rarely

establish quality, effort, or causal contribution. Monitoring may discourage collaboration when workers are rewarded for visible individual events, or it may penalize employees whose work consists of preventing defects that never appear as completed tickets. A defensible system documents purpose, lawful basis, retention limits, access restrictions, correction procedures, auditability, and proportionate response to alleged misconduct. It requires especially careful scrutiny when analytics influence compensation, discipline, hiring, or access to work.

Cybersecurity is not a technical afterthought to remote structure. Dispersed access points, private devices, outsourced collaboration platforms, and confused access rights create interfaces vulnerable to data loss or manipulation. Access provisioning should follow role and least-privilege principles, with secure authentication, deprovisioning, incident escalation, vendor review, and continuity plans proportionate to the enterprise's exposure. The NIST AI Risk Management Framework offers a useful nonbinding governance vocabulary for AI applications through its GOVERN, MAP, MEASURE, and MANAGE functions (Tabassi, 2023). ISO 45003:2021 provides guidance for managing psychosocial risks in occupational health and safety systems; its relevance is substantive even though a standard's existence does not establish that a particular employer conforms to it (International Organization for Standardization [ISO], 2021).

The choice of digital control architecture raises a philosophical question about the legitimate grounds for treating data traces as knowledge of human performance. Timestamp records can establish that an action was logged, but not necessarily that the assigned person caused a successful outcome or had a realistic opportunity to behave differently. Models trained on historical allocation decisions may reproduce past inequities; automated routing may make a central authority less visible rather than less powerful. A responsible organization therefore records which decisions are genuinely automated, identifies accountable humans who can override erroneous outputs, and makes consequential rules intelligible to those affected. Data minimization, meaningful appeals, and independent checks are substantive design parameters, not optional appendices to software procurement.

7.11 STRUCTURES FOR INNOVATION AND AGILITY

7.11.1 Exploration, exploitation, and the ambidexterity problem

Innovation and reliable delivery make different, sometimes conflicting, demands on organization. Exploitation refines existing routines, raises consistency, and converts experience into stable value; exploration develops new approaches where outcomes and viable markets remain uncertain (March, 1991). An enterprise emphasizing current output alone may become very efficient at a product or service losing relevance. Conversely, a unit that repeatedly experiments without maintaining customer commitments and cash discipline may fail before useful discoveries can be deployed. Organizational ambidexterity concerns the capability to manage these competing demands, not a claim that innovation requires permanent improvisation (O'Reilly & Tushman, 2013).

Structural separation is one approach: a protected development unit tests new services while existing operations maintain reliability. Contextual arrangements instead seek differentiated routines within shared teams, while sequential arrangements alternate periods or priorities. Each carries costs. A separated innovation unit may drift from customers and operating constraints; a fully integrated unit may see experimentation suppressed by performance targets tied to predictable service. The appropriate choice depends on resource availability, task interdependence, technological uncertainty, and managerial ability to arbitrate competing claims. A small Rwandan enterprise may lack resources for a separate research department yet establish a fixed weekly testing capacity and a disciplined process for evaluating proposed service changes.

7.11.2 Modular organization and bounded autonomy

Modularity separates a complex system into components with defined interfaces. Baldwin and Clark (2000) developed the logic of modular design in technology and industrial evolution; organizational applications require identifying which activities can be relatively independent and which depend on common standards. A service business can delegate development of different customer channels while maintaining shared identity verification, billing definitions, data security, and quality measures. Independence is therefore conditional on reliable interface specifications. Without them, modularity creates a collection of incompatible local adaptations rather than an integrated enterprise.

Modularity can reduce change propagation: replacing one internal application need not disrupt all operations if input and output contracts remain stable. Yet interfaces can become sites of power where one platform controls access and terms. Moreover, complex exceptions are frequently not modular; a distressed customer, hazardous incident, or regulatory problem may demand integrated judgment. A sensible design preserves modularity for repeatable components while reserving multidisciplinary coordination for events that cross interfaces. Structural choices should follow the anticipated pattern of exceptions, not only the average case.

7.11.3 Agile methods, product teams, and evidence discipline

Agile working practices typically emphasize iterative delivery, explicit backlogs, frequent feedback, and cross-disciplinary ownership. These can shorten the interval between assumption and test in uncertain work, but they do not replace strategic prioritization, documentation, legal obligations, or professional standards. A cross-functional product team can improve service design when it possesses relevant capabilities and decision authority; the same team becomes performative if all expenditure and implementation choices remain with a distant committee. Repeated short cycles may also conceal unstable requirements, unplanned employee overtime, and the accumulation of technical debt.

Experimentation is most defensible when it involves a clearly stated hypothesis, a change that is feasible and ethical, a pre-specified outcome, an adequate comparison, and an explicit learning decision. For example, a service SME may hypothesize that assigning one case owner from intake to resolution reduces duplicate customer contacts. A staged trial could measure repeat contact, rework, timeliness, client satisfaction, and worker workload. If improvements occur only because experienced staff are selected into the pilot, a naive comparison will overstate the effect. Agile language does not repair flawed measurement or causal attribution. Organizational learning requires the willingness to discontinue attractive ideas when the available evidence and relevant constraints no longer support them.

Agile and modular arrangements are sometimes presented as substitutes for authority, yet their coordination costs remain. A product team needs an explicit boundary around permissible experimentation, budget accountability, shared data definitions, access to technical expertise, and a route for matters that affect other products. Puranam et al. (2014) help identify the continuing organizational problems beneath a new vocabulary: someone still decides which tasks are pursued, who performs them, how information is supplied, and what rewards or sanctions follow. The greater the frequency of cross-product dependencies, the less realistic it becomes to promise unconstrained team autonomy. Conversely, excessively centralized portfolio controls can destroy the speed and contextual learning that justify product teams. The design problem is to allocate autonomy only where interfaces are sufficiently stable and errors can be discovered and corrected within acceptable bounds.

7.12 ORGANIZATIONAL DESIGN ETHICS

7.12.1 Structural power, participation, and distributive justice

Organizational structure allocates more than tasks. It distributes discretion, access to information, occupational risk, career opportunity, visibility, and the ability to challenge decisions. A redesign that

removes one managerial layer may empower experienced professionals while exposing less senior staff to unmanageable demands without additional authority. A matrix can increase rich collaboration while imposing simultaneous commitments that no one has the power to reconcile. Ethical appraisal therefore needs a map of who benefits, who bears transitional and lasting costs, whose knowledge counts, and who may seek reconsideration of a decision.

Three distinct standards should be applied. Legal validity asks whether contractual, safety, data, consultation, and other enforceable obligations are met in the relevant jurisdiction. Procedural legitimacy asks whether affected parties have a reasonable opportunity to understand, contribute to, and contest decisions. Substantive justice asks whether avoidable risks and benefits are distributed fairly and minimum protections for dignity and wellbeing remain intact. These standards may overlap but cannot be collapsed into one satisfaction score. A workforce may report acceptance under severe bargaining asymmetry; a formally legal restructure may still warrant criticism if it shifts burdens arbitrarily. The moral conclusion requires explicit reasons, not inference from survey percentages alone.

7.12.2 Employee voice, honest measurement, and safe challenge

Employee voice is valuable both because affected persons have legitimate interests and because they may know operational failures senior management cannot observe. Reporting systems must allow correction of inaccurate metrics, protected escalation of risks, and reasoned appeal of consequential decisions. Psychological safety should not be interpreted as freedom from performance expectations; its relevant function is to permit learning and truthful discussion of uncertainty and error. An enterprise should be able to correct failures without automatically assigning blame to the messenger, while investigating negligence and deliberate misconduct through fair procedures (Edmondson, 1999; ISO, 2021).

Measurement can create unethical design incentives. When a support team is rewarded for the number of closed tickets, employees may close cases prematurely. When a manager's bonus depends on minimizing visible staff costs, work may be shifted to contractors or unpaid overtime. Honest evaluation counts completed and customer-confirmed outcomes, occupational safety, actual avoidable costs, and adverse effects beyond the accounting boundary. The appropriate design test is not whether every metric improved, but whether the enterprise can provide a coherent, evidence-supported account of improved value without hiding transferred risks or excluded groups.

7.12.3 Restructuring, displacement, and environmental responsibility

Technological and organizational change can release labor capacity, alter skill requirements, or eliminate some roles. Management should specify whether 'productivity savings' represent avoidable cash expenditure, redeployment, reduced vacancies, or planned dismissal; these have different ethical and economic meanings. Where displacement is contemplated, obligations regarding notice, consultation, remuneration, and social protection depend on current local law and contracts, which must be verified before implementation. Fair process involves timely communication, accurate information, non-discriminatory selection criteria, opportunities for redeployment or training where feasible, and protection of confidential employee data.

Organizational design also distributes environmental responsibility. A procurement unit rewarded solely for quoted price may encourage wasteful packaging or poor supplier controls; a facilities function may reduce energy expense while increasing service disruptions. Cross-functional responsibility for energy, materials, waste, and supplier impacts should therefore be assigned to identifiable authorized decision makers and measured without hiding externalities. Environmental commitments must be linked to investment, operations, incentives, and credible reporting rather than a symbolic sustainability committee. The detailed sustainability analysis remains in Chapter 31, but its structural preconditions belong here.

The distributive effects of redesign should be considered over time, not merely on the day of announcement. Workers with scarce alternative employment may accept new workloads that are technically voluntary but

economically coercive; remote and digitally mediated systems can shift equipment, electricity, connectivity, and care burdens from the organization to households. Contractors may absorb unpredictable demand without access to the same escalation and appeal channels as permanent staff. A responsible change memorandum should state these transfers explicitly and consider affordable compensating measures. This is not an empirical claim that every decentralized structure is exploitative. It is a normative requirement to evaluate whether economic savings have been produced through genuine efficiency or through the unacknowledged relocation of costs.

7.13 RWANDAN AND REGIONAL APPLICATION: ENTERPRISE DESIGN ACROSS INSTITUTIONAL SETTINGS

7.13.1 What Rwanda's enterprise statistics can and cannot tell us

Rwanda's 2024 Integrated Business Enterprise Survey estimated 278,060 business enterprises within its defined survey frame and reported that at least 87% of the business landscape was informal. Its publication identifies gaps in specialized information-technology and foreign-language communication skills among managers, and material differences between formal and informal enterprises in finance and market engagement (National Institute of Statistics of Rwanda [NISR], 2026). These facts provide context for organizational design: importing a multi-layered corporate chart or an expensive workflow platform into a low-resource microenterprise may increase administrative expense without resolving the real bottleneck. Informal status, however, does not prove that all informal enterprises lack coordination systems, nor that a formal company possesses effective ones. The survey is cross-sectional business statistics, not a causal evaluation of organization charts.

For a Rwandan service firm, design must be sensitive to payment practices, customer documentation, professional skills, connectivity, access to affordable systems, and uncertainty in demand. A small business may centralize cash while decentralizing routine client recovery; it may rely on a trusted accountant externally while retaining an internal staff member who verifies documentation. Growth may justify a new coordinator before it justifies a full management division. The criterion is which critical interdependencies have become costly or unsafe, and whether the proposed arrangement actually gives staff the information and competence to handle them. National averages cannot determine the appropriate structure of one company; the following case is expressly a constructed teaching scenario informed by such contextual constraints.

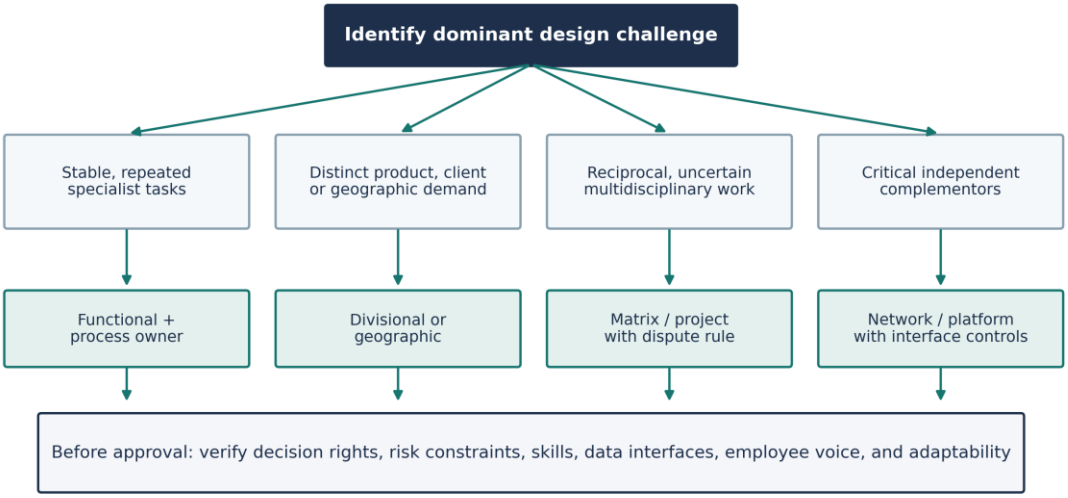
The official data offer a more precise contextual warning than a generic claim that African businesses are resource-constrained. The NISR's survey description defines its formal-sector classification through registration with the Rwanda Revenue Authority and maintenance of regular business accounts; its published 2024 results distinguish formal and informal enterprises across finance, exporting, training, and managerial skills (NISR, 2026). The unit and coverage of this business-enterprise survey must not be conflated with a count of registered companies or physical establishments. A researcher studying redesign should therefore report whether the sample includes single-person businesses, microenterprises with combined owner-manager roles, and institutions with regulated professional responsibilities. Otherwise structural differences attributed to country or culture may simply reflect different statistical populations.

7.13.2 Constructed Kigali service SME: chart before and after diagnosis

Illustrative case: Kigali ServiceLink Ltd (fictional). Assume an eighteen-person service enterprise provides facility support and business equipment maintenance to institutional and retail clients. In the initial structure the founder directs customer care, field teams, procurement, accounts, and digital support, with every nonroutine request routed back for approval. A technical supervisor is responsible for service delivery but cannot authorize routine replacement parts; customer-care staff promise schedules without visibility of technician availability; finance receives completion records late. The firm processes an assumed 500 cases

per month, and some cases require avoidable rework. No named Rwandan company, field interview, balance sheet, or measured performance is being represented.

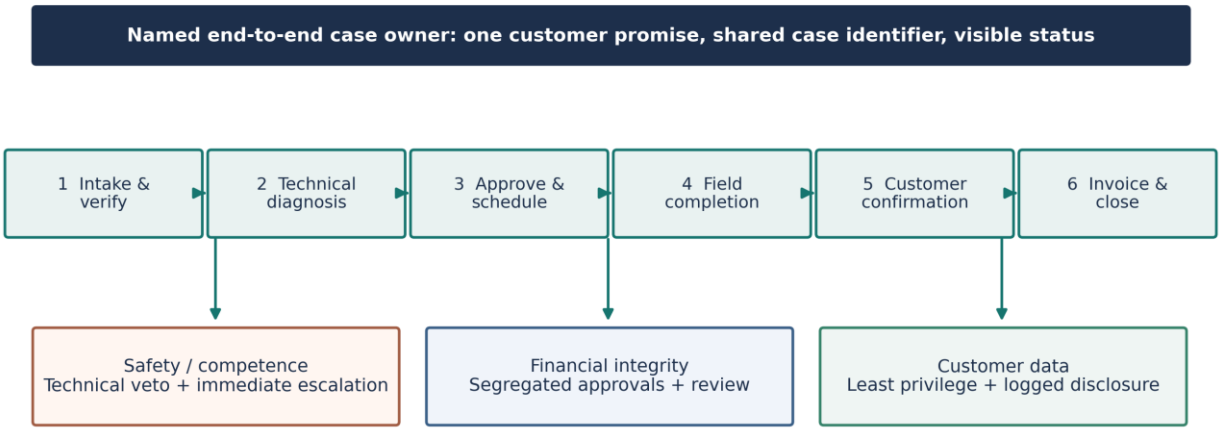
FIGURE 7.1 | Structure-selection decision tree



The decision tree begins with the enterprise's dominant coordination problem, distinguishes stable specialization from differentiated customer portfolios and high reciprocal interdependence, and checks external partner dependencies and governance constraints before choosing a provisional structure. Its paths are analytical prompts, not a statistical classifier.

The proposed arrangement preserves a lean functional specialist structure while introducing two integrators: a service-delivery lead with bounded authority over scheduling and approved replacements, and a named end-to-end case owner in customer care. A shared case identifier links intake, diagnosis, authorization, dispatch, completion, billing, and closure. Finance retains payment authorization and exception review; technical staff retain safety-related veto authority; the founder focuses on material contracts, major investment, and exceptional disputes. An escalation rule moves suspected fraud, legal exposure, and safety incidents to the proper authorized role immediately rather than through the routine refund limit. This design does not require adding multiple departments. It changes the relationship between specialized work and the responsibility for customer outcomes.

FIGURE 7.2 | Kigali ServiceLink: redesigned end-to-end service-accountability flow



The workflow shows case ownership across intake, technical assessment, field delivery, customer confirmation, and billing, alongside distinct safety, financial, and data-governance escalation routes. Every element is hypothetical.

The business case calculated in Section 7.7 estimates possible net recurrent benefits of RWF 250,000 per month if the assumed reduction in avoidable rework and actual incremental costs are realized. This is not an estimate of how well an organizational redesign works in Rwanda. The case also exposes nonfinancial tests. Does the new coordinator have access to the information needed for scheduling? Can the case owner act within stated limits? Are qualified personnel protected against unsafe directives? Are records and customer data secured? Does finance receive adequate evidence in time to invoice? A finance saving that depends on unsafe field conditions would fail both operational and ethical assessment.

7.13.3 Documented regional comparator: the East African Community

The East African Community (EAC) is a regional intergovernmental organization rather than a business corporation. Its formal institutional architecture is useful precisely because it reveals coordination problems at a different scale and legal level. According to the EAC's official account, its organs include the Summit, Council of Ministers, Coordinating Committee, Sectoral Committees, East African Court of Justice, East African Legislative Assembly, and Secretariat. The Summit provides strategic direction, while the Council functions as the central decision-making and governing organ within the powers described by the Community; the Coordinating Committee works with sectoral committees, and the other organs carry their respective treaty-defined roles (East African Community [EAC], n.d.). These roles should not be recast as ordinary company reporting lines, because the Community's public mandate, treaty-based legitimacy, political actors, and accountability structure differ fundamentally from private ownership.

The structural lesson is differentiation combined with an explicit need for integration. Specialized sectoral work can deepen expertise, but decisions affecting multiple partner states and sectoral areas require defined coordination and legitimate authority. An enterprise expanding from Kigali into several East African markets faces a smaller, commercially different version of an analogous design question: what can be adapted locally, what must remain common, and who can settle disputes? It would be inappropriate to import the EAC's treaty organs into a private SME or infer that its design causes regional economic outcomes. The legitimate comparison concerns how differentiated expertise is related to decision rights and cross-boundary coordination under different institutional mandates.

TABLE 7.5 | Comparative allocation of coordination and authority: hypothetical SME versus documented EAC

Design aspect	Kigali ServiceLink (fictional)	EAC (documented institutional architecture)	Transferability limit
Collective purpose	Contractual client value and financial continuity	Regional cooperation under treaty-based objectives	Different beneficiaries and sources of legitimacy
Top-level direction	Founder / authorized owners	Summit provides strategic direction	Political mandate is not shareholder authority
Operational coordination	Service-delivery lead and case owner	Coordinating Committee and Sectoral Committees have defined coordinating roles	Public-sector competencies are treaty-defined
Specialist units	Technical, customer care, procurement, finance	Sectoral bodies and other organs with distinct functions	Responsibilities and jurisdiction are different
Dispute and accountability routes	Contract, internal escalation, courts as applicable	EAC Court, Assembly and other treaty arrangements	Cannot equate a court with an internal manager
Primary diagnostic	Cycle time, quality, cash and staff impacts	Institutional process and mandate fulfillment	No common performance score is warranted

Note. SME design and roles are constructed; EAC organ names and their general functions derive from the official EAC organs page (EAC, n.d.). No comparative performance ranking or causal claim is made.

7.13.4 International evidence and contextual transfer

The international hybrid-work findings discussed in Section 7.10 demonstrate why modern design decisions require attention to task, culture, measurement, and causality. Bloom et al. (2024) provide credible experimental evidence on a specific hybrid policy for a particular professional workforce; Yang et al. (2022) identify network-level collaboration changes in a different firm-wide remote-work context. For a Kigali SME, neither finding automatically licenses remote operation of field technicians, nor does it rule out partial remote work for accounts, digital support, or documentation teams. A locally defensible pilot would consider connection reliability, suitable secure devices, service coverage, commuting costs, household work conditions, and employee preferences while preserving fair treatment of workers who cannot perform their functions remotely.

An African-rooted structure analysis must avoid both universalizing imported management systems and romanticizing informality. Formal records, well-defined responsibilities, and legitimate controls can protect trust and finance access; flexible relational coordination can handle uncertainty where standardized systems are costly. The design challenge is to combine both when they serve demonstrable purposes. Evidence about the relative benefits should be generated using comparable enterprises, explicit performance definitions, and methods attentive to selection, rather than assuming that practices successful in multinational firms necessarily transfer to SMEs, nonprofits, or regional public institutions.

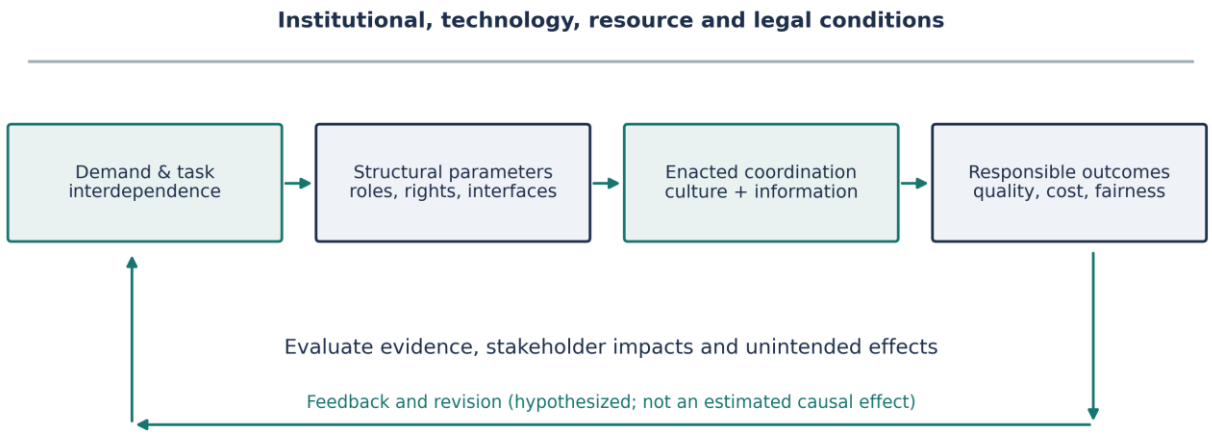
The contrast also cautions against using the EAC as a direct analogue for an SME. The Community's organs derive authority from a regional treaty and state representation; the SME's arrangements derive from ownership, contracts, employment relationships, and applicable domestic law. In a public regional institution, coordination failure can involve the legitimacy of a decision across partner states, whereas a commercial firm's main immediate problem may be who can authorize delivery within a customer contract. Nevertheless, each faces a general problem of integrating specialized work under constraints on unilateral command. This is an analytical analogy only, not evidence that their performance determinants are identical. Comparative scholarship should preserve this difference between shared organizational problems and incomparable legal authority.

7.14 INTEGRATIVE DISCUSSION, PROPOSITIONS, AND RESEARCH AGENDA

7.14.1 A contingent alignment model of responsible organization design

The chapter's integrative synthesis can be stated as an alignment problem. An enterprise's work demands create an identifiable pattern of interdependence and uncertainty; its structural parameters distribute work and authority; coordination mechanisms carry information and resolve exceptions; culture and institutional conditions influence whether enacted practice matches formal intentions; and governance, technical capability, and resource limits constrain feasible alternatives. Outcomes arise from the resulting configuration and environment, not from the isolated presence of a named structure. This interpretation joins contingency and information-processing arguments with sociotechnical, institutional, and justice considerations without claiming that one new predictive model has been validated (Galbraith, 1974; Meyer & Rowan, 1977; O'Reilly & Tushman, 2013).

FIGURE 7.3 | Contingent alignment model: demands, structure, enactment, and accountable outcomes



Original conceptual synthesis. Arrows represent proposed relationships requiring evaluation. They are not empirically estimated causal paths; feedback indicates periodic revision of structure and decision rights.

The philosophical discipline is to distinguish an instrumental proposition, that arrangement A should reduce coordination costs under stated conditions, from an empirical finding that it did so, and from a normative judgment that the resulting allocation of burdens is acceptable. None follows automatically from the others. An enterprise could improve average processing time while worsening fairness or creating privacy exposure. It might increase local employee discretion yet weaken control over fraud. Responsible design requires a multi-criterion assessment that preserves minimum rights and safety boundaries rather than assuming every consequence can be traded away at a favorable financial price.

7.14.2 Testable propositions and boundary conditions

Proposition 7.1 (coordination fit). Where work is highly reciprocal and unpredictable, increasing timely lateral information access and clarifying authorized cross-functional decisions will be associated with lower avoidable handoff delays, conditional on staffing, system quality, and demand complexity. The rival explanation is that observed improvements reflect lower demand or more experienced personnel, not coordination design. The proposition is testable with process timestamps, workload controls, and staged adoption, but this chapter does not estimate its effect.

Proposition 7.2 (productive delegation). Delegation is more likely to improve responsiveness when decision boundaries, required information, staff competence, and escalation rights are jointly specified than

when authority is nominally transferred without resources or review. A plausible boundary condition is a highly regulated process in which statutory sign-off cannot be delegated in the proposed manner. Outcomes should include compliance and error rates alongside speed; studying only time savings would bias the assessment.

Proposition 7.3 (formal–enacted divergence). Organizations exposed to strong external demands for formal policies but weak internal verification may display greater divergence between documented structures and enacted practices than comparable organizations with traceable workflow review. Institutional theory predicts ceremonial adoption, whereas resource scarcity or temporary transition could also explain observed gaps. Comparative documentary assessment combined with lawful operational evidence could distinguish these explanations.

Proposition 7.4 (distributed-work heterogeneity). Hybrid flexibility will have more favorable retention and coordination outcomes for tasks with secure remote access, measurable outputs, and designed cross-unit communication than for tasks requiring non-substitutable physical presence, other conditions equal. Individual selection, worker bargaining power, and office access may modify the apparent relation. Evidence from one technology firm cannot establish general effects across Rwanda or the EAC.

Proposition 7.5 (ethical durability). Redesign programmes incorporating credible employee voice, documented workload protection, and transparent contestability may achieve more durable adoption than otherwise similar programmes that rely on unilateral announcements. The proposed mechanism is better problem detection and trust, but positive staff attitudes may also be caused by initial organizational quality. Designs should test both employee-level outcomes and service delivery without assuming that either is a proxy for the other.

7.14.3 Research priorities and methodological safeguards

A priority for African business scholarship is to examine how organizational forms work when formal employment, ownership, vendor relationships, and digital platforms coexist within the same value-delivery system. The conceptual categories developed in large corporations need qualification where business roles are combined in a few individuals, specialist skill supply is thin, and key operational capabilities are supplied through contractors or community networks. Research questions include whether low-cost digital case systems reduce bottlenecks in SMEs, how founder authority changes with scale, how gendered and geographical burdens affect hybrid-work access, and which interface controls help regional service providers maintain quality under divergent institutional requirements. Credible answers require defined enterprise populations and careful separation of registration status from actual organizational practice.

A replicable observational investigation would specify sector, organization size, outcome measures, time horizon, treatment timing, and potential confounders before fitting performance models. Where changes are voluntarily adopted by stronger firms, selection and reverse causality are central threats. Staggered rollouts, matched comparisons, interrupted time series, and target-trial emulation may be considered where their assumptions are supportable; none is a mechanical substitute for valid measurements. Qualitative organizational records, used with appropriate permissions, can test whether the proposed mechanism occurred. A responsible evidence base should also disclose unsuccessful interventions, because publication of only favorable redesign cases overstates expected benefits.

The conceptual model is especially vulnerable to observational equivalence: several rival accounts can explain the same apparent structural improvement. A firm may report faster case closure after moving to process ownership because decision rights improved, because customer demand declined, because experienced staff were reassigned, or because the definition of a closed case changed. The proposed mechanism should therefore predict intermediate observable events, such as fewer approvals awaiting a founder, reduced handoff re-entry, and more timely access to required information. Researchers can then distinguish mechanism plausibility from the overall association between design and profit. Transparent negative-case

analysis, firm-level heterogeneity, and cross-country institutional sensitivity are essential if an integrative model is to become a falsifiable explanation rather than an attractive diagram (Burton & Obel, 2018; Puranam et al., 2012).

The following evidence-to-design register translates the conceptual synthesis into falsifiable managerial questions. Its purpose is to prevent a structure recommendation from becoming detached from the problem that justified it. Unlike a weighted popularity score, it requires each selected design option to state its observable mechanism, possible failure, evidentiary test, and non-negotiable boundary. These categories are proposed analytical criteria rather than validated universal measurements.

TABLE 7.6 | Evidence-to-design decision register

Design choice	Expected mechanism	Discriminating evidence	Binding constraint
Bounded local authority	Fewer routine approvals	Elapsed time by decision class; exception audit	Financial safeguards and competence
Named case ownership	Fewer missing handoffs and reopenings	Case-level transitions and customer confirmation	Professional sign-off remains independent
Shared service data	Consistent records and visibility	Duplicate rate; version errors; access log	Privacy, least privilege and data quality
Cross-functional integrator	Faster resolution of reciprocal dependencies	Conflict-to-decision time; downstream defects	Mandate, capacity and lawful escalation
Hybrid work protocol	Retention without deterioration in service	Comparable quit, quality and network indicators	Physical service needs and fair access
Staged change rollout	Earlier error detection and reversibility	Pre-specified pilot outcomes and harms	Stop rules and employee protections

Note. Original authorial diagnostic integrating Galbraith (1974), Okhuysen and Bechky (2009), Burton and Obel (2018), and the chapter's contextual and ethical criteria. No empirical rank or causal effect is asserted.

7.15 SYNTHESIS, KEY TERMS, ASSESSMENT, AND EDUCATOR GUIDANCE

7.15.1 Chapter synthesis and transition

Organizational structure is not simply the arrangement of boxes and reporting lines. It is a distribution of information, rights, responsibilities, expertise, and constraints that should make collective work both effective and accountable. Differentiation creates the need for integration; specialization creates handoff costs; formal rules support consistency while risking inflexibility; decentralization makes local knowledge usable but may fragment shared obligations. Culture and informal networks determine how formal designs are actually enacted. Growth changes the feasible balance among founder control, professional specialization, and coordination; decline requires distinguishing structural failure from an unsound underlying strategy. Planned change and continuous learning provide different but potentially complementary responses to these challenges.

The seven enduring lessons are connected. The purpose and final customer or beneficiary outcome must be defined before the chart; task interdependencies determine required coordination; authority must be aligned with the information and capability necessary to exercise it; formal structures should be tested against actual work; organizational change needs explicit counterfactuals and transition safeguards; technology expands available arrangements without eliminating human responsibility; and effectiveness must be judged alongside legality, fairness, dignity, and sustainability. Chapter 8 builds directly upon the question of who may exercise power within and over these structures, explaining leadership, corporate governance, and accountability without treating organizational design as a substitute for legitimate oversight.

7.15.2 Key terminology

Concept	Analytical meaning
Organizational design	Deliberate configuration and revision of work, authority, decision rights, information, and coordination in relation to organizational purpose.
Organizational structure	Relatively durable distribution of specialist tasks, reporting relationships, formal responsibilities, and coordination arrangements.
Formal organization	Codified roles, procedures, authorized power, and institutionalized work arrangements.
Informal organization	Social networks, tacit expectations, locally negotiated routines, and unofficial channels shaping enacted work.
Differentiation	Separation of activities into roles or units that develop specialized expertise and distinct orientations.
Integration	Mechanisms that align differentiated contributions into accountable enterprise-level results.
Centralization	Concentration of decision authority in a small number of positions or organizational levels.
Delegation	Transfer of bounded decision authority with appropriate information, capabilities, review, and escalation.
Span of control	Number of direct reports allocated to a supervisor, interpreted relative to task demands and supervisory capacity.
Matrix structure	Intersecting authority dimensions that share resources and require explicit resolution of dual-accountability conflicts.
Sociotechnical systems	Approach that examines technological processes and social work relationships as mutually dependent design elements.
Organizational ecology	Perspective investigating population-level selection, structural inertia, and organizational survival.
Institutional isomorphism	Similarity of organizations arising through coercive, mimetic, or professional-normative pressures.
Decoupling	Divergence between officially adopted organizational policies and routine practices.
Organizational ambidexterity	Capability to sustain reliable existing activities while exploring potential new activities.
Change readiness	Combination of beliefs, skills, resources, legitimacy, and practical support affecting a particular change.
Process owner	Role responsible for monitoring an end-to-end outcome spanning several functional stages.
Epistemic interdependence	Need for one actor to anticipate or use another actor's knowledge or behavior to accomplish coordinated work.
Concertive control	Peer-generated normative control within groups, which may be powerful even without strong formal hierarchy.

7.15.3 Foundational and analytical questions

Question 1. Formal and enacted structure (LO1–LO2). Explain why a formally accurate organization chart can still misrepresent the distribution of expertise, power, and actual decision rights. Illustrate how the same chart could support either reliable or poor coordination under different information and accountability conditions.

Question 2. Competing explanations (LO2–LO3). Compare contingency theory, organizational ecology, institutional theory, and epistemic interdependence as rival explanations for variation in organizational arrangements. For each, identify a mechanism, an observation that could contradict it, and one boundary condition.

Question 3. Structural alternatives (LO3–LO4). Under what conditions would a matrix create more difficulties than it solves? Distinguish task interdependence from knowledge interdependence and specify the decision and escalation rules needed before dual reporting should be introduced.

Question 4. Decision rights and controls (LO4). Differentiate responsibility for undertaking work, authority to authorize expenditure, technical competence to verify safety, and accountability for the final outcome. Explain how an SME can preserve essential segregation when staffing is limited.

Question 5. Evidence and inference (LO5). A restructured service department reports a 30% reduction in internal handling time. Develop at least three rival explanations and describe a minimum dataset capable of determining whether end-to-end customer resolution genuinely improved.

Question 6. Politics and change (LO6–LO7). Critically assess the proposition that employee opposition to restructuring is merely a failure of communication. Consider informed disagreement, procedural justice, capacity, bargaining asymmetry, and opportunities for safe participation.

Question 7. Distributed work and generalization (LO7–LO8). Compare what the Trip.com randomized hybrid-work trial and Microsoft remote-collaboration study establish, distinguishing intervention, sample, outcomes, and causal identification. Defend a bounded policy recommendation for a Kigali professional-service team.

7.15.4 Applied workshop: redesign the failing workflow

Workshop (LO3–LO6). Use the fictional Kigali ServiceLink scenario. Produce a current-state process map containing intake, verification, technical diagnosis, procurement, field execution, client confirmation, and billing. For each handoff identify the information required, current owner, authorized decision maker, likely bottleneck, and customer-visible failure. Produce a revised process with a bounded refund rule, safety escalation, payment segregation, and end-to-end ownership. Calculate Little's law for a stable workflow completing 150 cases over five working days with an average three-day processing time, then recalculate under a two-day target. Explain why the resulting 30-case reduction in mean work in process cannot be attributed causally to redesign without additional evidence.

Numerical extension (LO5–LO6). Reproduce the cost model in Section 7.7 from its assumptions. Replace the ten-percentage-point rework improvement with five percentage points, and recalculate net monthly benefit. Prepare a sensitivity table varying the assumed incremental rework cost among RWF 8,000, 12,000, and 16,000 and the number of prevented reworks among 25, 50, and 75. State which cases support the fixed recurring redesign expenditure of RWF 350,000 and which do not. Clearly separate positive expected present value from ethical and operational feasibility.

7.15.5 Advanced capstone and educator guidance

Capstone assignment (LO2–LO8). Develop a 3,000–4,000-word organizational design memorandum for a service SME entering one additional East African market. State a defensible commercial purpose and task architecture; compare at least three feasible structural configurations; map five material interdependencies and the associated decision rights; identify a documented regional institutional interface; design a participatory change plan and a minimal viable diagnostic dashboard; estimate benefits and costs with transparently illustrative assumptions; and assess the impact on workers, clients, privacy, occupational safety, and environmental performance. Include at least eight genuine scholarly or institutional references and distinguish observational evidence from your proposed causal mechanisms.

Educator guidance. An effective submission should demonstrate conceptual accuracy (20%), diagnosis and rival explanations (20%), organizational and decision-rights design (20%), transparent quantitative assumptions and sensitivity (15%), contextual and ethical judgment (15%), and citation, presentation, and evidence integrity (10%). These weights are proposed teaching criteria, not an accreditation standard. The fundamental answer to the workshop is that the customer journey needs one visible case owner but not necessarily one employee performing every specialist stage; distinct safety, finance, and data rules must remain enforceable. For the numerical exercise, the baseline is L = 30 × 3 = 90 cases and the target is L = 30 × 2 = 60 cases under the stated stable-throughput assumptions. The five-percentage-point improvement produces 25 × 12,000 − 350,000 = −RWF 50,000 monthly. A strong evaluation explicitly states that formalization or digitalization alone does not establish causal effectiveness.

7.15.6 Suggested further reading

For deeper theoretical study, Galbraith (1974) provides an analytically precise information-processing approach; Lawrence and Lorsch (1967) examine differentiation and integration; Trist and Bamforth (1951) establish a foundational sociotechnical inquiry; Hannan and Freeman (1977) challenge adaptation-centered accounts through ecology; and Meyer and Rowan (1977) develop the legitimacy and decoupling problem. Oreg et al. (2011) synthesize research on employee responses to change, while O'Reilly and Tushman (2013) discuss ambidexterity. Bloom et al. (2024) and Yang et al. (2022) provide contrasting, methodologically informative evidence relevant to distributed organization.

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