

The Integrated Organisation Model

1. Introduction

The Integrated Organisation Model (IOM) is a model that can be applied to describe, to analyse and to diagnose organisations. As any model, the IOM is a simplification of the complex reality in which so many different aspects all influence each other. The model should help to answer the relevant questions that are posed. Further, the usefulness of a model depends in general to a large extent on the specific situation, the questions posed and the user's know-how and ability.

The IOM is an integrated (or integral) model to emphasise the interrelationships of the different elements of an organisation: although the elements can to a certain extent be treated separately, they are all connected to each other and - ideally - in balance. When there is no or no clear balance (fit) between the different elements within an organisation or organisational unit, the organisation will not function optimally and the need for organisational change will be or become apparent.

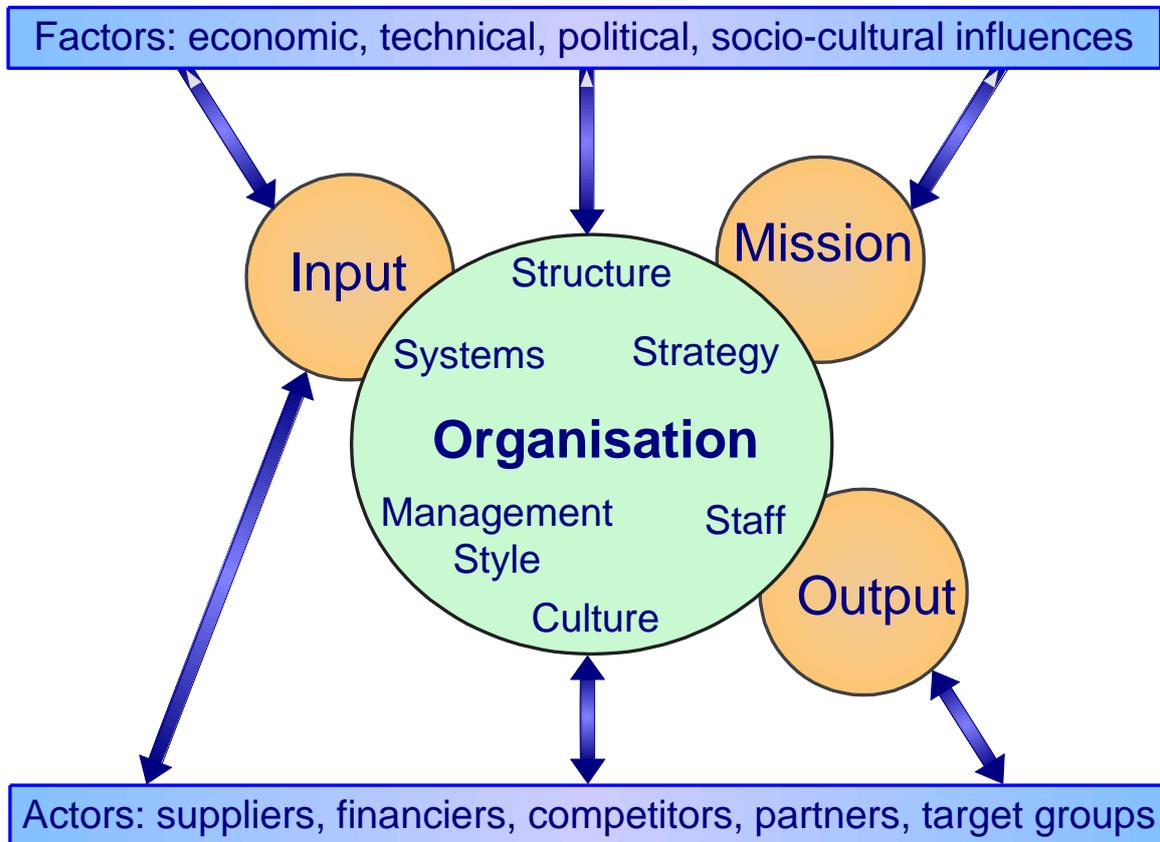
The IOM offers an overall tool to put the various elements of an organisation in their place, being it a government department, a non-government organisation, a local government, a people's organisation or a private enterprise wherever in the world. If you look at organisations using this model you wouldn't overlook the most important elements. However, it is an overall model, and instead of seeing it as a tool, one might rather refer to it as an organisational concept. To analyse an organisation in depth, you may need more specific tools, depending on the exact aim of the analysis. In addition, whether the 'image of the organisation' generated by applying the model is correct, depends of course much on the qualities and experience of the user.

2. The IOM: describing the model

2.1 Introduction

The Integrated Organisation Model consists of 5 external components: mission, output, input, general environment and specific environment and 6 internal components. The external components, mission, outputs, inputs factors and actors describe the environment of the organisation or have strong relations with this environment. The internal components describe the internal organisational choices. The model is called integrated because there is a balance between the components.

Fig. 1 Integrated Organisation Model



2.2 The external components of IOM

2.2.1 The mission of an organisation

The mission of an organisation is its 'raison d'être', or in other words, the overall objective(s) and main approach that explains why the organisation exists and what it wants to achieve with which means.

This overall goal is translated in the strategy into concrete, operational objectives and activities. The mission is important because it gives direction to the organisation. A good mission indicates the possibilities and limitations: what the organisation should do and what it should not do. Organisations are gradually paying more attention to formulating their mission. Mission statements are prepared and disseminated among their personnel in order to create a sense of common ideology and direction, a shared set of values. They are usually not only outside- or client-oriented (the type of products/services to deliver),

but also comprise aspects of the internal functioning of the organisation (e.g. the participation and self-realisation of personnel).

Example mission statement of the International Management Training Institute:
To contribute to improved effectiveness of development organisations through the provision of management training and advice.

Possible core problems with a mission statement:

- A mission that is not being supported by staff
- Tasks that are conflicting with the mission (e.g. an independent auditor being involved in financial services. A public institute being involved in commercial activities)
- Unclear mission that does not give sufficient direction

2.2.2 The output of an organisation

The output of an organisation comprises all material and immaterial products and services delivered by the organisation to its various target groups (clients or customers).

To have a clear understanding of an organisation, it is essential to describe its output in terms of the products and/or services produced and delivered to its target groups (clients/customers). The performance of the organisation is measured by the quality and quantity of these outputs. Products and services can be for example, cookies produced by a bakery; extension services delivered to farmers, knowledge, skills and attitudes induced by a training institute or health services delivered by a local government department. Important aspects in describing and assessing the outputs are the following:

- **The quality** of a product or service determines to what extent the products and services match the needs/demands of the target group. To what extent is the target group satisfied with the products and services delivered.
- **The quantity** refers to the volume of products delivered or the number of clients served.
- **The coverage** can be described in terms of geographical coverage or in different types of target groups (income, social position, gender, etc.).
- **Experience** refers to how long have the products and services already been delivered by the organisation. Did it develop specific knowledge on these specific products and services?
- **Specialisation** implies the extent to which the organisation is specialised in certain products and services or whether it has a large range of different outputs.

Core problems with outputs:

- Inadequate quantity or quality of the outputs to satisfy demand of target groups
- No clear definition of the outputs

2.2.3 Inputs

The inputs of the organisation include all the resources available for generating the products and services of the organisation.

The following categories of inputs and resources can be distinguished:

- **Staff**
This includes the available staff in terms of quantity, qualifications, age and experience, geographical coverage, male-female ratio, ethnic grouping, permanent versus temporary staff, etc.
- **Buildings and installations**
Type, quantity and quality of the buildings and installations used for the delivery of goods and services.
- **Equipment, tools and materials used**
Description of available equipment, tools and materials used for the production of goods or the delivery of services in terms of quantity, quality, condition, etc.
- **Services of third parties**
E.g. electricity, water, insurance, accountancy, etc.
- **Information**
Information used from research institutes, statistics etc. for the running of the organisation.
- **Finance**
How is the organisation financed? Are there liquidity problems? What is the capital structure? Is the financing fixed (fixed budget) or variable? To what extent is the management entitled to (re)-allocate funds?
- **Natural environmental resources**
Natural resources (those transferred into products and those wasted during the transformation process). What is the environmental impact of the organisation? Which natural resources are used in the production process and which resources (air, water, earth) are affected?

Core problems in relation to the inputs can be:

- Too few means for the tasks required (buildings, equipment, staff etc.)
- Insufficient quality of the inputs (bad tools, limited knowledge etc.)
- Insufficient access to inputs (dependency on government, no access to credit etc.)

2.2.4 The general environment of an organisation (**FACTORS**):

With general environment is meant the complex set of political, economic, technical, social and cultural factors that influences this (type of) organisation.

The general environment influences the performance, creates opportunities and threats, influences the demand for products/services, the supply of inputs, the internal organisation and the possibilities for collaboration and competition.

Negative external factors that often appear:

- Political climate not being conducive
- High inflation/unstable currency
- Insecurity/
- Limited rules and regulations
- Insufficient control of rules and regulations
- Inadequate infrastructure
- Social-cultural resistance (e.g. gender)

2.2.5 The specific environment (ACTORS):

The specific environment comprises of the relations with those actors that the organisation is directly dealing with.

These relations may include:

- **Formal/vertical linkages**
With head offices, branches, regional officers, other departments. What are the formal and informal linkages, horizontal as well as hierarchical.
- **Customer and target groups**
What kinds of relations do exist with customers and target groups? What is the organisation's attitude towards customers and target groups? How do the latter view upon the organisation (does the organisation have legitimacy from the point of view of customers or target groups)?
- **Competitors**
Are there any competitors in the environment that deliver the same (type of) products and services? What is the relation between the organisation and its competitors? How is the market divided between them?
- **Suppliers of inputs**
Financiers, suppliers of material inputs, research institutes, etc.
- **Policy makers and regulators**
Local governmental organisations, politicians, pressure groups and interest organisations (e.g. labour unions).

Some common problems with actors include:

- Bad image of the organisation
- No competition
- Unreliable suppliers
- No access to financiers
- Insufficient collaboration with others
- Too much influence of politicians on operational level
- Too little or too selective networking of management

2.3 The internal components of IOM

2.3.1 Strategy

Strategy refers to the way the mission is translated into concrete objectives and approaches.

The strategy of an organisation can be defined as the long-term plan of action of an organisation to realise its objectives with the available means (inputs). A strategy aims to give direction to the activities of management and staff. A condition for giving direction to the organisation is that the objectives and activities are clear, concrete, realistic and acceptable to the various parties involved. In general we can distinguish long term (5-10 years), medium term (1-5 years) and short-term (up to 1 year) strategies.

It is not always true that strategy is the result of a planned process. Strategies might be developed in a spontaneous way, because managers in the organisation have become aware of changes in the environment and as a result change the way in which the objectives will be achieved. Regular meeting on staff level can have the same result: changing strategies. Strategies should evolve constantly when the environment changes.

Core problems in relation to strategy:

- Lack of clear plans (ad-hoc policy, no vision)
- Plans are not realistic, too ambitious, not based on an adequate analysis
- Plans are unclear or not accepted
- Plans are not monitored and followed
- Plans do not give direction

2.3.2 Structure

The structure of an organisation can be defined as the formal and informal division and coordination of activities and responsibilities.

This component of the structure of the organisation includes the division of the organisation in groups (units/teams, departments, divisions, etc.), the division of tasks, responsibilities and powers among people and groups and the way the coordination of activities between people and groups is taking place.

The formal structure refers to the responsibilities and powers as they are formally described. The informal structure includes the responsibilities and powers in practice, including the informal relations for communication and coordination.

In general, relatively much attention is paid to formal organisational structures (neatly described in *organigrams*) and far less to informal communication and adjustment between groups and individuals in organisations. Though the formal structure may provide an impression of an organisation often the real functioning of an organisation cannot be understood without explicitly addressing non-formalised linkages within the organisation.

Important structural problems can be:

- Unclear division of tasks and responsibilities
- Inadequate (de-central) powers for execution of tasks
- Inadequate co-ordination between units/departments

- Too much difference between formal and informal structure

2.3.3 Systems

The aspect of systems comprises the internal processes that regulate the functioning of the organisation.

A process is a sequence of activities aimed at a certain result. A system is a set of agreements that aims to regulate the activities of management and staff with one or more related organisational processes. As such, systems are agreements about and give direction to the internal processes.

These internal processes can be divided into:

- **Primary processes:** directly focused on transformation of 'inputs' into 'outputs'. These include working methods and techniques.
- **Control processes:** focused on control of other processes. These include feedback, monitoring, communication decision processes, etc.
- **Strategy formulation (policy) processes:** focused on the formulation and adaptation of the organisations strategies. This includes the planning processes.
- **Support processes:** aimed at supporting the primary and other processes. This includes the financial-administrative and logistic systems.
- **Improvement processes:** aimed at improving the quality of other processes. These include research and development, quality care and evaluation activities

Systems can be described, based on clear agreements, in a procedure. A system does not have to be formally described. Informal agreements can also form a system sometimes even more important than the formal ones. Various informal systems may exist and even contradict and overrule the formal written ones. Good systems create clarity about what has to be done when by whom. Good systems enhance the efficiency of processes and reduce coordination and communication problems. More and more good systems are being seen as immaterial assets of the organisation, which are as important as the material assets.

Problems with systems in the organisation:

- Unclear or not accepted procedures
- Ineffective procedures, based on blue-prints from other organisations
- Too much emphasis on procedures and on control of everything in the organisation (bureaucracy)
- Inefficient procedures, with unnecessary and double work
- Systems that limit the flexibility of staff too much and hinder in finding new and creative solutions for unforeseen problems
- Systems that are difficult to adapt to changing circumstances (rigidity of systems)

2.3.4 Staff

The component staff refers to all activities, rules and regulations related to staff motivation and utilisation and development of staff capacity.

The behaviour of people in an organisation is of crucial importance. In some organisations you need more creative persons and in other ones more formal 'procedure' people, but usually combinations are most fruitful. The behaviour of people is a result of a complex process in which the personal characteristics are integrated or adapted to the organisation and its environment. Well-functioning of people within organisations is very much determined by a good balance and integration of both factors: organisation/environment and personality.

Some major elements staff policies are:

- staff selection (hiring and firing)
- staff appraisal
- staff motivation systems
- career opportunities
- staff training possibilities

Some common problems:

- No clear criteria and procedures for selection of staff
- Rewards system based on relation in stead of performance
- Unclear reward systems
- Unclear career possibilities
- Training the wrong staff/ training does not relate to job contents

2.3.5 Style of management

The style of management can be described as the characteristic pattern of behaviour of the management.

The management function includes strategy formulation, organising, steering/controlling/monitoring and problem solving. The manager brings together the objectives, the strategy, the people and the means. Planned activities have to be realised and the manager's main task is to steer and coordinate, using systems, procedures and regulations, but also informal communication.

A management style consists of two major components:

- Where does a manager put priorities? Which aspects does he/she feel are important and how does the manager spend his/her time:
 - internal or external relations
 - people or means
 - relations or performance
 - inputs or outputs
 - quality or quantity

- What is his/her attitude in making decisions? E.g.:
 - participatory or directive/authoritarian
 - risk taking or risk avoiding
 - long or short term oriented
 - formal or informal
 - rational or intuitive

Problems in the management style can be:

- Priorities that do not match with those needed by the organisation
- Attitude that does not fit with the culture of the organisation
- An attitude which leads to slow, unfounded or not accepted decisions

2.3.6 Culture

The culture of an organisation is defined as the shared values and norms of people in the organisation.

In general the organisational culture is expressed in the way the organisation is structured, relations between management and staff, relations among staff and how the organisation deals with the external actors (target groups, suppliers, financiers, etc.) The aspect 'culture' refers to the reasons (the norms and values) why 'things are done the way they are done'. In this sense culture influences all other aspects of the organisation.

Organisational culture reflects the norms and values of individuals, groups or the organisation as a whole. There may not be just one organisational culture, but rather different sub-cultures that may be complementary or rather conflicting and striving for supremacy. Problems in the various elements of the organisation will appear if there are too many people with different views on the organisation and their functioning in the same organisation. The same is true if the organisational culture does not comply with the culture of the national, regional or organisation-specific environment of the organisation. Certain organisations seem to have a rather strong collective culture: either different sub-cultures are incorporated in the corporate culture or they are completely absent.

Attitude towards	Examples of priorities
Influencing external factors	Emphasis on opportunities or threats
Other stakeholders	Who has priority: owners, target group, financiers, supplier, government
Inputs	Emphasis on people or means
Outputs	Emphasis on quality or quantity
Strategy	Emphasis on long or short term
Structure	Formal or informal central (control) or de-central (trust)
Systems	All regulations or all free (flexibility)
Management style	Authoritarian or participatory
Personnel	Relations or performance
Internal relations	Taking responsibility/avoiding responsibility Punctuality Openness Giving and taking feedback

	Tolerance
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Important means to create a strong culture include selection of new personnel and deliberate socialisation processes, in which people are taught how they are expected to think and to behave within this organisation.

Some problems in relation to organisational culture:

- Priority on informal relations with strong formal structure and systems
- No attention to plans and strategy of the organisation
- Cooperation between strong hierarchical organisation and participatory approach of partner organisation
- Friction between culture of the organisation and culture of target groups

3. Assessing organisations: criteria for judgement

To judge an organisation, a number of criteria can be applied using the description of the organisation under the various parameters. Six criteria are suggested below: suitability, legitimacy, effectiveness, efficiency, continuity and flexibility. In principle, the organisation can be judged on every individual parameter described before. In practice, a judgement will be made on a combination of parameters. As an indication, for every criterion the most relevant parameters to be included are given.

3.1 Suitability

Suitability assesses whether or not an organisation is fit to carry out required activities to deliver specified products/services.

Not all organisations are equally suitable to assume responsibility for the sustenance of the yields of development efforts. The type of activities in which the organisation has been involved until now, its size (one should be very careful to avoid overloading successful but small organisations with too many resources and responsibilities), and with that the absorption capacity, the nature of the organisation and various other factors play a role.

In applying this criterion it is important to look at:

Mission	Does the planned activity fit into the general objectives of the organisation? Does the organisation have sufficient basic experience and affinity with the planned activities?
Inputs	Does the organisation have sufficient resources (human, material, etc.) to carry out these activities? Does the organisation have a sufficient basic level of resources to be able to grow?

3.2 Legitimacy

Legitimacy deals with the acceptance and imbedding of the organisation in its environment.

An organisation has to fit in its environment and requires adequate relations various other organisations, institutions, public, target groups, etc. It also needs to have the legal right to do what it does.

In judging legitimacy attention has to be paid to:

Mission	Are the overall objectives accepted by society?
Outputs	How does the target group perceive the quantity and quality of the products and services? How long is the organisation already involved in these products and services? Which effects do the outputs have on the environment?
Relations	What is the image of the organisation? Which position does the organisation have among the other actors? Are the relations with financiers, suppliers, partners government adequate?
Factors	Which social, cultural and political developments influence the image? Which regulations influence the position of the organisation and its activities?

3.3 Effectiveness

The effectiveness of an organisation can be defined as the extent to which the organisation manages to deliver products and services according to its intentions.

Is the organisation doing the right things? The central question is whether the organisation is able to meet its targets in terms of production or service (output) delivery as laid down in strategies and plans, which are deemed necessary to fulfil its mission. Effectiveness can also be extended to include the outcome (use of the outputs by the beneficiaries) or impact (the effect of the use of the outputs. For example, an extension training can be effective in its activities (well-trained extension officer, well-prepared manuals), but very ineffective in its outcome if the necessary fertilisers to use the knowledge are not delivered in time; or if only men attend the training, while the crop concerned is cultivated by women. An anti-STD campaign is fully effective only if the messages are understood by the right people (output), who then change their behaviour (outcome) resulting in an actual decrease in the infection rate (impact).

The most important aspects to judge effectiveness:

Mission (strategy)	What are the overall objectives, purpose, and planned results of the organisation?
Outputs	What are the quality and quantity of products and services in view of the mission and strategy (annual plan)?
Actors: the target group	To what extent do the products and services of the organisation contribute to the intended effect (outcome) and impact?

3.4 Efficiency

Efficiency refers to the utilisation of resources (inputs) in relation to its outputs.

Is the organisation doing things in the right way? The question here is to find out whether the inputs are used in an economic way in order to produce services or products. The organising component determines this relation between the inputs and outputs. How many villages are under the responsibility of one extension worker, how much does the extension department cost in order to cover a region, what is the relation between the non-productive (overhead) versus the productive parts of the organisation, etc.? In addition to comparing efficiency to standard norms (which do not always exist) comparisons with other similar types of organisations may give an indication of the efficiency achieved. Costs and benefits are compared in financial, economic and social terms.

Outputs	Could the organisation produce more with the same means?
Inputs	Could the organisation produce the same products and services with fewer means, including time spending?

3.5 Continuity

Continuity (sustainability) is the probability that an organisation is capable to continue (sustain) its core activities for an extended period of time.

Continuity is an important overall criterion, especially since one of the main aims of cooperating with existing organisations is a sustainable flow of benefits after termination of specific attention or outside assistance. One would like to know whether the organisation is likely to persist and therefore, whether it is worthwhile to invest in cooperation with the organisation and/or in strengthening the organisation concerned (in financial terms this is known as “solvency”).

Alternatively one could look at sustainability of benefits at target group level. The question is then different, namely whether the social benefits of the organisation can continue after the (project) organisation ends its activities.

Inputs	To what extent is the organisation capable of securing its inputs?
Actors	To what extent do other actors support the organisation?
Factors	Are there major threats to the organisation?
Strategy	Does the organisation have an adequate strategy to address major threats and opportunities?

3.6 Flexibility

Flexibility is the ability of the organisation to adapt itself to changing (internal or external) situations.

This flexibility can refer to the ability of the organisation to maintain the same quality and quantity of output under changed conditions (staff sickness or increased unit costs of inputs), or to responsiveness to changed needs of the target group or niche vis-à-vis other suppliers. Development interventions often intend to provide new, additional products and services. Another characteristic of development interventions is that innovation, horizontal cooperation and coordination between a number of organisations is required. Consequently, it is necessary to establish whether an organisation has the flexibility to adapt itself in order to play a role in the intervention..

Major aspects to address flexibility include:

Inputs	To what extent can buildings, machines and installations be adapted to changes in the situation? To what extent can the organisation respond to changed unit rates of inputs?
Actors	To what extent can the organisation respond to changed needs of the target group or find a new niche under changing competition and collaboration?
Outputs	To what extent can the organisation change its products and services?
All internal elements	To what extent can the organisational structure be adapted? To what extent is it possible to change the systems? To what extent is it possible to change the strategy? To what extent is it possible to change the management style? To what extent is the staff capacity adaptable?