

HOW ORGANIZATIONAL STRUCTURES IMPACT ECONOMIC SUCCESS: LESSONS FROM VILLAGE, COMPANY, AND KIBBUTZ MODELS

"Like a living person, organizations have dreams, plans, and body, which must work in harmony to reach their full potential"

AUNT MIA

Abiad was a member of my Kibbutz, a friendly, hardworking man who was nearing 40 and still single. My parents "adopted" him, and he became part of our family. I admired him and remember him as the big brother I never had. When I was 11, he unexpectedly passed away from a heart attack.

After his death, I discovered he had a sister named Mia, whom my parents also "adopted," calling her "Aunt Mia." One day, my mother took me to visit Aunt Mia.

Mia was once a vibrant woman with many dreams and plans; she had joined the British army in WWII. While stationed in Egypt, she contracted polio and became paralyzed.

Though confined to her bed, her mind was still full of dreams and plans, but being paralyzed, she couldn't achieve them due to her dysfunctional body.

Dreams and plans are nothing without a functioning body to execute them.

Organizations also have dreams (vision), plans (strategy), and bodies (organizational structure and parts), which all must be aligned to reach their goals and fulfill their purpose.

Misalignment between these elements will cause dysfunctionality in a person (e.g., Mia) or an organization.

How can we detect such dysfunctionality?

It is challenging to detect when misalignment is minimal or within the normal range.

However, extreme cases are easy to detect, as such people may be hospitalized due to physical or mental illness, or in the case of organizations, they may go bankrupt, suffer poverty, or undergo continuous and permanent economic stress.

Are you aware of organizations with such extreme misalignment between their various elements?

ORGANIZATION STRUCTURE: ROLE AND FUNCTION

Organizations' vision, strategy, parts, and structure must work harmoniously to become their best versions, reach their goals, and turn their vision into reality.

When those organizational elements (i.e., vision, strategy, structure, and parts) are aligned and work harmoniously, the organization can swiftly reach its goals and achieve its mission.

Why are the organizational structure and parts critical for its success?

The organization's structure and parts reflect its values and culture while dictating the balance of power, roles and responsibilities, activities, intra-communications, the pace

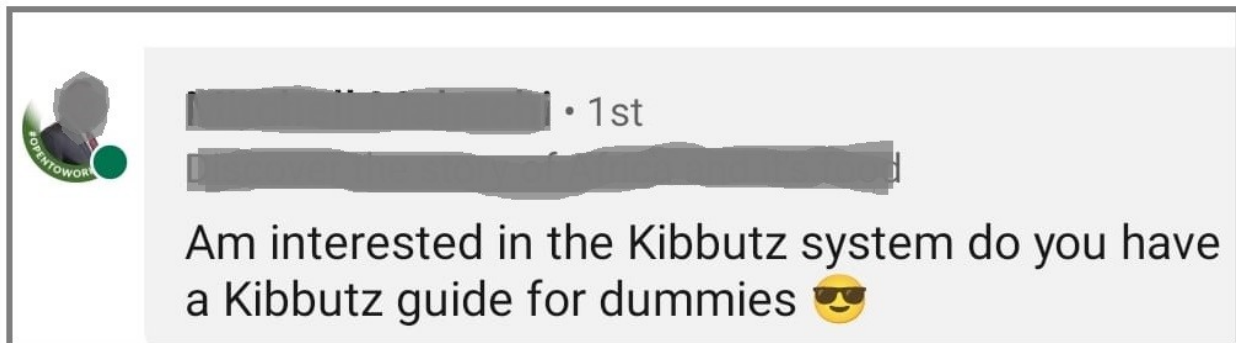
of change, and the other things required to navigate the organization to its desired future.

As we will soon see, by analyzing the organization's structure and parts, we can confidently predict its potential success, e.g., economic and social.

A GUIDE FOR DUMMIES

The closest you can get to a mechanical guide for constructing your own Kibbutz is to combine the previous column, in which we discussed Production Models, with this column, in which we discuss the impact of Organizational Structures and parts on its success.

However, as you wouldn't let a first-year student in biology do a heart transplant (considering it is for you), don't try to apply what you learn here by yourself; leave it to the real dummies.



Previously, we examined how production models impact organizations' economic success.

We examined three production structure models:

- (a) Traditional craft production structure,
- (b) Industrial revolution and assembly line production structure, and
- (c) Kibbutz production structure.

We discovered that the industrial and Kibbutz models share many similarities in the structure of their business activities.

In contrast, the traditional craft production model is nearly opposite in its attitude to production.

We then saw how the industrial and Kibbutz models create prosperity while the craft production model produces poverty (except for experts who create unique products and sell them at a premium price).

Smallholders are not considered experts, do not produce unique products, and do not sell those at a premium price.

Suppose production structure models impact the prosperity of organizations and rural communities (i.e., villages and Kibbutzim).

In that case, our next question should be: How do organizational structure models impact communities' prosperity?

Do you think the organizational structure model impacts its success?

THREE ORGANIZATIONAL STRUCTURE MODELS

The previous column presented and discussed three distinctive organizational **production** models: the pre-industrial revolution (representing that of smallholders), the post-industrial revolution, and the Kibbutz.

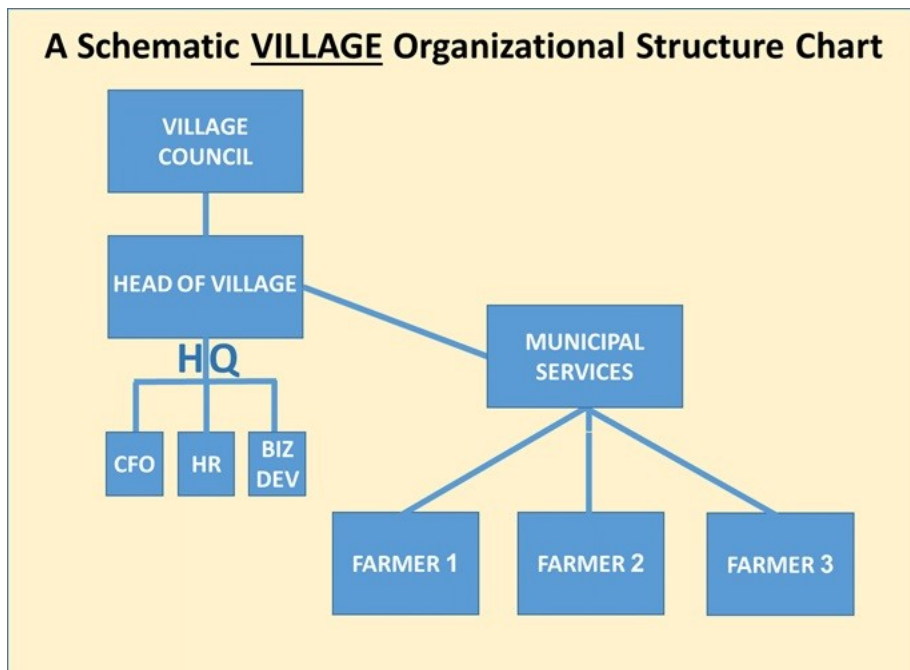
We now shift from the production models of smallholders, a company's production line, and a Kibbutz branch to their respective organizations' top-level structure, i.e., village, company, and Kibbutz.

This column compares organizational structures.

To that end, the charts and discussions focus only on one example per type of organizational structure model and present a limited subset of their functions.

VILLAGE (in developed economies)

A Schematic VILLAGE Organizational Structure Chart



A village's organizational structure resembles a city, where each farmer or resident operates as an independent "business".

The organization provides essential municipal services but lacks structured business support. It finances itself through government budgets and resident taxes.

Under this structure, the village parts (i.e., management, services, and farmers), goals, mission, vision, and strategy are misaligned and may even be in a conflict of interest.

In this model, farmers are responsible for their entire business operations, meaning they must be able to finance themselves or have easy access to funding.

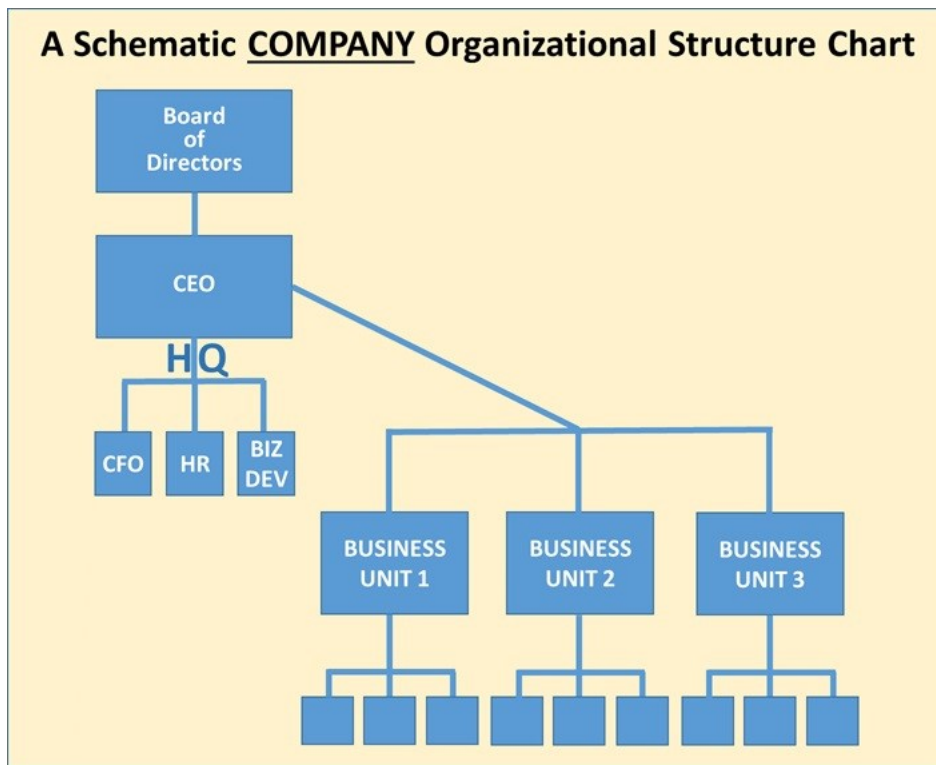
Like any standalone company, they should also handle all professional roles, including HR, sales, and marketing.

Furthermore, notice that under this structure, the village management is unaffected by or unconcerned with each farmer's economic state, which may result in detachment from the farmers' struggles and challenges.

The characteristics of the village organization structure and parts make it ideal for self-sustaining farmers with robust financial and professional resources, such as large-scale, industrial-oriented farm owners.

COMPANY

A Schematic COMPANY Organizational Structure Chart



In contrast to the decentralized model of a village, a company's organizational structure is more centralized and hierarchical, reflecting a traditional post-industrial revolution corporate framework.

The board of Directors oversees the CEO, who is responsible for steering the company's overall direction and management.

The CEO leads the headquarters (HQ) team and orchestrates critical functions like the CFO, HR, and Business Development, ensuring alignment with corporate vision, goals, and strategies.

Beneath the HQ, the company is segmented into distinct Business Units, each entrusted with specific spheres of responsibility.

These units operate semi-autonomously, reflecting the company's confidence in their capabilities while remaining integrated into the broader corporate structure.

Sub-teams manage various functions within these business units, collectively contributing to the company's success.

Crucially, in a company's model, workers find security within the group.

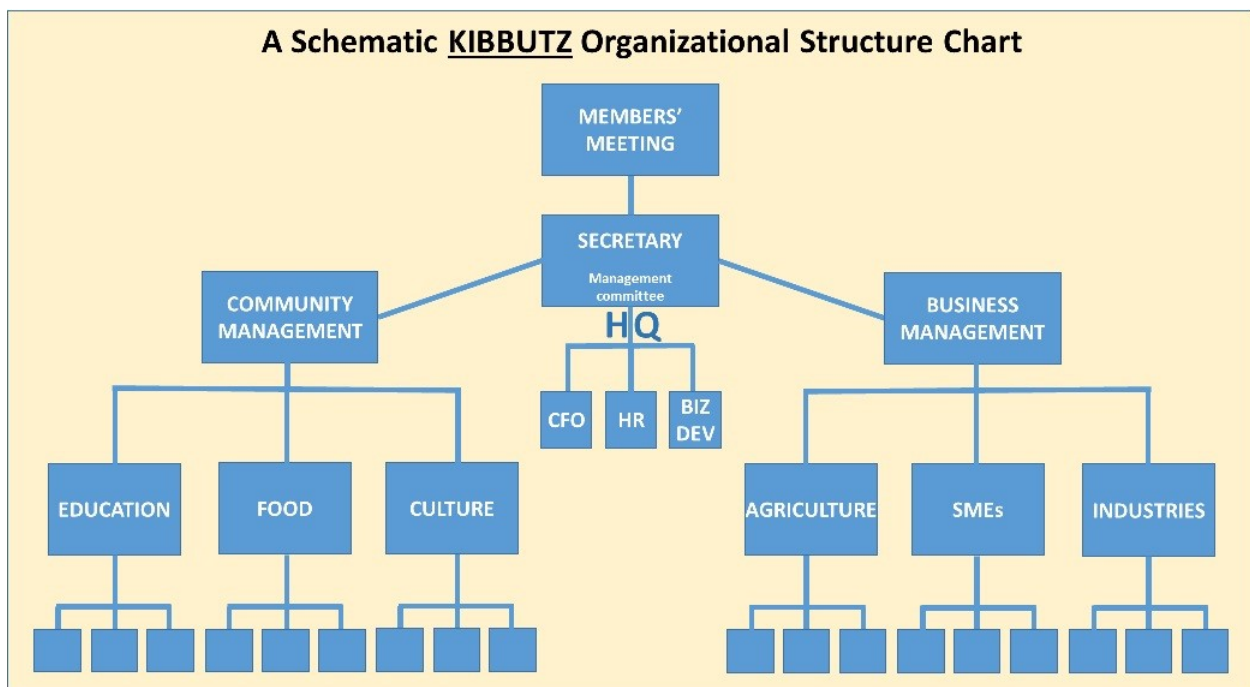
If a business unit encounters challenges or is not performing well, the company has the flexibility to shut it down, open another, or transfer workers to different business units.

This dynamic ensures that workers are not left without support or resources, mitigating the risk of economic instability.

Thus, within a company's structured framework, workers benefit from the organization's collective strength and resilience, which provides a sense of security even amidst fluctuations in individual business units.

While the village structure emphasizes independent businesses operating within a shared community framework (suitable for farmers with a solid financial back), a company's centralized structure ensures a cohesive approach to addressing challenges and driving growth, ultimately fostering synergy and coordination across the organization.

KIBBUTZ



The Kibbutz's purpose, values, and missions dictate its organizational structure and parts, which fundamentally differ from the decentralized model of a village and the centralized, hierarchical structure of a company.

At the core of the Kibbutz is the Members' Meeting, which embodies the community's democratic and egalitarian principles.

All members participate in decision-making, ensuring that the collective goals, mission, vision, and strategies align with the community's shared values and execution abilities.

Operationally, the Kibbutz is managed by a secretary who oversees community and business management functions. Key roles like the CFO, HR, and Business Development within the headquarters (HQ) support this process.

The Kibbutz is divided into community management, which is subdivided into various sectors, such as education, food, culture, construction and infrastructure, welfare, health, nursing, and gardening, and a business management section, which is subdivided into various sectors, such as agriculture, SMEs, and industries.

Each sector has dedicated responsibilities but operates collaboratively rather than autonomously, reflecting the Kibbutz's emphasis on mutual support and collective success.

The Kibbutz's vision, values, and mission are deeply embedded in its organizational structure and parts, which work in alignment and collaboration.

Its egalitarian and cooperative ethos is mirrored in the participatory nature of the Members' Meeting, where each member's voice contributes to the decision-making process.

This ensures a shared commitment to community welfare, social equality, and mutual aid guides the Kibbutz's direction.

A unique feature of the Kibbutz model is the economic security it provides to its members, which enabled it to reach 0% poverty over a hundred years ago, still under the Ottoman and later the British Empires!

Unlike the village model, where individual farmers must independently manage their economic viability, or the company model, where workers can be reassigned or relocated within the organization, the Kibbutz ensures that all members are supported collectively.

If one sector of the Kibbutz faces difficulties, resources and labor are redistributed to support it, preventing any member from facing economic hardship alone. This is how the Kibbutz maintained zero (0) poverty over 100 years.

This communal support system enhances the Kibbutz's resilience and provides a robust safety net for its members.

The structure of the Kibbutz supports its vision and mission by fostering a strong sense of community and shared responsibility.

The cooperative management of various sectors and the integration of community and business functions ensure that all activities are aligned with the collective good (not only that of the secretary).

The emphasis on mutual aid and collective decision-making addresses challenges collaboratively and drives sustainable growth through the strength of communal effort.

This alignment between vision, strategy, structure, and values creates a resilient and supportive environment, ensuring the well-being and prosperity of all Kibbutz members.

THE KIBBUTZ OFFICIAL APPROACH

This is a translated text of an official document of the Kibbutz movement from 2014, titled: [Optimal organizational structure for an agricultural cooperative kibbutz.](#)

THE ROLE OF THE ORGANIZATIONAL STRUCTURE

The goal:

The organizational structure is a management tool that serves the vision, values, principles, and organizational culture of the Kibbutz and brings to light the fact that the members of the Kibbutz are sovereign in making decisions in their Kibbutz.

Principles (in designing the Kibbutz organizational structure, N.I.):

- * The organizational structure should balance the Kibbutz members' participation and involvement in decision-making on the one hand and the creation of effective management mechanisms that have the authority and responsibility to decide and implement on the other.
- * The organizational structure must be in accordance with the Kibbutz's and cooperative societies' regulations.
- * The organizational structure, size, and cost should be compatible with the size of the Kibbutz, its social needs, and the scope of its businesses and corporations.
- * Each of the Kibbutz management teams and its corporations is part of an overall organizational system with common goals. They derive their authority from the body above them. This system is intended to clarify and regulate the relationship, subordination, and control between the various parts of the organization.

* Areas of authority and responsibility must be determined for each position holder and administrative unit in the organizational structure design. The annual plan will also determine next year's goals, budget, and implementation schedule.

INCOMPATIBILITY AND MISALIGNMENTS

Organizations have a purpose, which they are expected to implement based on their values, vision, and mission.

Organizations use a strategy to plan how to fulfill their purpose and a dedicated designed organizational structure to implement that strategy.

Accordingly, the organization's structure and parts should reflect its strategy, which in turn (the strategy) reflects its values, vision, mission, and goals.

Here is a summary of the three organizational structures, i.e., village, company, and Kibbutz, to discuss and determine to what extent each structure suits the organization's strategy and reflects its values, vision, mission, and goals.

VILLAGE ORGANIZATIONAL STRUCTURE

In developing countries, the village organizational structure often misaligns with the needs of smallholders.

While village management focuses on providing essential services and infrastructure, smallholders' interests and focus are elsewhere, like acquiring access to funding and improved value and supply chains, which are services critical for their business success.

The organizational structure of a village requires its farmers to have the means to manage their business, survive, and prosper commercially.

Hence, the village structure is designed for self-sustaining and well-financed individuals, making it better suited for large-scale business-oriented farmers.

Smallholders who lack these resources and business attitudes find themselves at a disadvantage. They unsuccessfully struggle to align their goals with the village's framework and are trapped in the poverty cycle.

This misalignment creates a significant roadblock to their prosperity, as the village structure and parts do not reflect or support smallholders' specific needs, limitations, and capabilities.

COMPANY ORGANIZATIONAL STRUCTURE

A company's centralized, hierarchical structure and parts align well with its vision, goals, mission, and values.

The clear chain of command and defined roles ensure that strategic objectives are effectively communicated and implemented.

This structure supports professional growth, job security, and financial stability, fostering a motivated workforce.

Values such as integrity, teamwork, and excellence are integrated into the company's strategy, creating a cohesive environment that drives collective success.

This alignment between structure and strategy helps the company navigate challenges and adapt to market changes, ensuring long-term prosperity and employee engagement.

KIBBUTZ ORGANIZATIONAL STRUCTURE

The Kibbutz organizational structure is designed to reflect and support its vision, values, mission, and goals.

It operates on democratic and egalitarian principles, with all members participating in decision-making through the Members' Meeting.

This collective approach ensures that the Kibbutz's direction aligns with the community's shared values of mutual aid, social equality, and communal welfare.

The structure supports collaboration and mutual support across various sectors, providing economic security and resilience.

Resources and labor are redistributed as needed, preventing any member from facing economic hardship alone.

This alignment creates a supportive environment that fosters prosperity through sustainable growth and well-being for all Kibbutz members.

THE IMPORTANCE OF ALIGNMENT

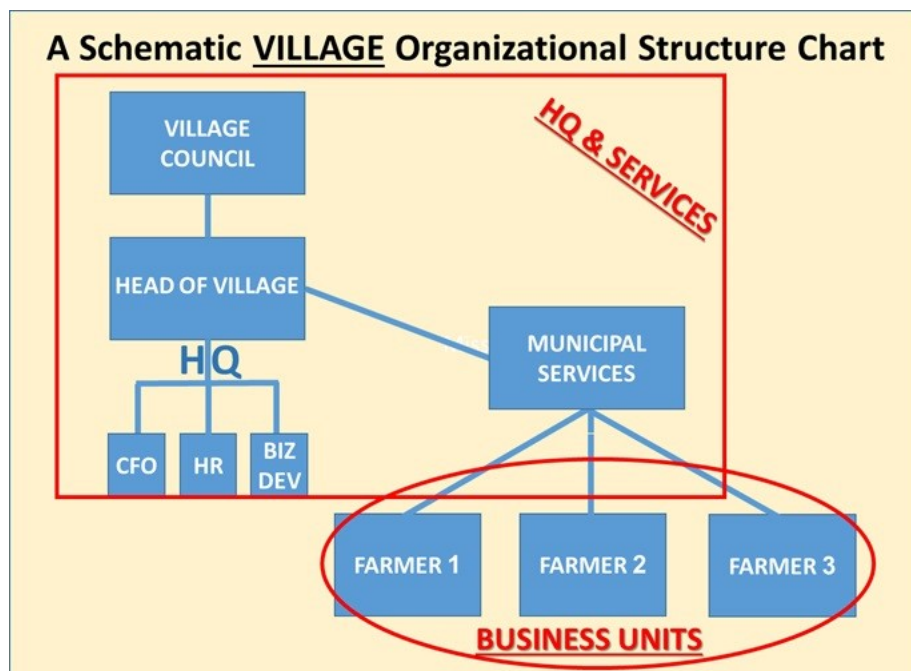
The story of Aunt Mia illustrates the critical importance of aligning all parts of a system and its structure to achieve its dreams/vision.

Aunt Mia was confined to her bed due to polio, which didn't interfere with her ability to dream and plan, but without a functioning body, she couldn't realize her dreams and plans.

Similarly, in organizations, the vision (dream), strategy (plans), and structure (body) must work harmoniously, or the organization risks being paralyzed, like Aunt Mia, talking but unable to realize its vision and strategy.

When one part of the system is misaligned or dysfunctional, it prevents the entire organization from reaching its goals.

This parallel extends to the village's organizational structure.



In developing economies, the Village's HQ and Services vision, mission, strategy, and organizational structure are incompatible and misaligned with those of smallholders (i.e., business units), resulting in persistent poverty.

Historically, when farmers' financial demands were minimal, economic competitiveness was lower, and villages were smaller and less connected, the village structure effectively fulfilled its mission, and farmers were content with their resources as industrialists were content with their production methods before the Industrial Revolution.

However, as the agricultural sector industrialized and began producing based on industrial principles with increased efficiency, the old village structure and parts no longer suited farmers' needs.

This misalignment weakens the village organization, making it difficult for its farmers to compete with those using post-industrial revolution methods and applying company-like organizational structure models to the agro sector.

SUITABILITY FOR ECONOMIC PROSPERITY

VILLAGE: In the previous column, we saw that smallholder production structures cannot compete with industrial-oriented production structures.

Now, we see that the villages where smallholders live use an organizational structure that doesn't align with their needs, limitations, and abilities.

The village organizational structure focuses on providing essential municipal services.

However, while village management may be satisfied with its achievements, farmers often suffer because the management's vision, strategy, and structure are incompatible with theirs.

This misalignment hinders smallholders' ability to achieve prosperity.

COMPANY: The hierarchical structure aligns well with corporate goals and employee needs, fostering a supportive and stable environment.

This structure is effective in driving growth and ensuring prosperity among its employees.

KIBBUTZ: The Kibbutz's dedicated model was developed for and applied by impoverished farmers in a developing economy (i.e., pre-Israel under the Ottoman Empire) that faced similar situations, limitations, and problems as smallholders know too well today.

The Kibbutz's egalitarian and collaborative structure is highly suitable for ensuring the prosperity of its members. By aligning its organizational structure with communal values

and providing collective support, the Kibbutz creates a resilient and supportive environment that promotes sustainable growth and economic security.

IN SUMMARY, while the village structure presents significant misalignments with smallholder needs and limitations, the company and Kibbutz structures align better with their respective values and goals, serving their purpose, owners, and employees well.

The Kibbutz model, in particular, stands out for its ability to create a supportive and prosperous environment for all its members.

Just as Aunt Mia's unfulfilled potential demonstrates the impact of her misalignment, organizations must also ensure their structure is suited and designed to support their vision and strategy and achieve their goals.

The alternative is being alive but paralyzed, seeing the world and its actions without participating in them.

Sign up to be part of [the Nova Kibbutz Stewardship Community](#).

If you enjoyed this column, please share it with a friend who will enjoy it too.

➔ [Dream Valley Fruit Export Program 2025](#) is now officially open for new exporters from developing economies who wish to export to Europe. Text me.

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Here are ways you can work with me to help your rural communities step forward to shift from poverty into ongoing prosperity:

- * **Nova Kibbutz and consultancy** on rural communities' models.
- * **Local & National programs related to agro-produce export models** - [Dream Valley](#) global vertical value and supply chain business model and concept connects (a) input suppliers with farmers in developing economies and (b) those farmers with consumers in premium markets.
- * **Crop protection: Biofeed**, an eco-friendly **zero-spray control technology and protocol** solution, is most suitable for developing countries.

TAKEAWAY MESSAGES

Aligning all parts of the organization with its vision, strategy, and structure is essential for its success.

The current village structure suits well-financed business-oriented farmers, not smallholders.

Company structures effectively support its growth and employee prosperity.

Kibbutz structures and parts foster communal support and resilience, promoting sustainable growth.

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More on the October 7th genocide in South Israel:

[Humanity is one organism](#)

[Videos - The October 7 genocide](#)

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If you got to here, read this column, and enjoyed it, please be nice to your friends, share it with them, or help them [Subscribe](#).

"Mental and Economic Freedom Are Interconnected."

See you soon,

Nimrod



Dr. Nimrod Israely is the CEO and Founder of [Dream Valley](#) and [Biofeed](#) companies and the Chairman and Co-founder of the [IBMA conference](#). +972-54-2523425 (WhatsApp), or [email nisraely@biofeed.co.il](mailto:nisraely@biofeed.co.il)

P.S.

If you missed it, here is a link to last week's blog, "[The Impact of Organizational Production Structures On Rural Communities' Success.](#)"

P.P.S.

OPEN BUSINESS OPPORTUNITIES:

- 1) Exporting fresh fruits from Africa to the EU under the Dream Valley regenerative protocol brand for the 2024 season.
- 2) Joining the Nova-Kibbutz concept project or establishing a similar initiative in your region.

Kindly provide your background and credentials to receive tailored next-step instructions.

P.P.P.S.

[Dream Valley](#) is a field-proven disruptive business model based on the successful Israeli Model.

You can follow me on [LinkedIn](#), [YouTube](#), and [Facebook](#).

*This article addresses general phenomena. The mention of a country/continent is used for illustration purposes only.