Organizing structure

Definition of organizing – the deployment of organization resources to achieve strategic goals

* Division of labour
* Specific departments – put people in departments
* Specific jobs
* Formal lines of authority

What is formal organization structure

* The way in which the various parts of an organization are formally arranged
* The system of tasks, workflow, reporting relationships, communication channels that link the work of diverse people and groups

Informal structure

* Shadow organization
* ‘unofficial’ relationships between organizational staff
* Created by staff, not organization
* It cuts across all levels of organization
* \*people meeting for coffee, exercise groups
* Very personal and network orientated

Basic elements of formal organization structure

* Four elements
  + Work specialization
  + Departmentalization
  + Differentiation
  + Integration

Organizational chart

* Shows structure/roles
* Shows who communicates to who – how to talk to people at the top

1st element – job design

* Work specialization – degree to which the work necessary to achieve organizational goals is broken down into various jobs
* Job design – specification of task activities associated with a particular job
  + Tasks activities need to be grouped in reasonably logical ways
  + The way that jobs are configured infuences employee motivation

1.1st element – job simplification

- make it efficient/ easy

Train people in efficient and easy way so easier for them and faster

Advantage – get really good, efficient

Disadvantage – repetitive, boring

1.2st element – job rotation

- rotate people to do different jobs so less boring

Advantage – cross train, people can do multiple jobs

Disadvantage – still boring

1.3 – job enlargement

- do more stuff

Advantage – broadens scope and motivation

Disadvantage – undertrain – overworking

1.4 job enrichment

- its not just about doing your job, its about job depth, in skills and significance

- perceptions, personalities, attitudes, emotion and moods

Which all influence individual behavior at work

To move beyond simple specialization job needs potential for

* Meaningfulness in their work
* Taking responsibility for their work
* Knowledge about their outcomes

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Departmentalization structure

Functional

* This is the type of departmentalization in which staff positions are grouped according to what they do

Eg. Transport department, marketing department

Advantages – in depth expertise developed, clear career paths, economics of scale

Disadvantages – conflict between departments, performance often difficult to measure, managers may be trained too narrow

Divisional

3 forms

* Product/service division – created to concentrate on a single product or service
* Geographic – regional divisions, Auckland branch, south island division
* Customer divisions – set up to serve specific customers, elderly, children, industrial, commercial…

Advantages – focus on own client, Performance can be easier to measure, Managers have a broad training

Disadvantages – duplication of resources, in depth expertise may be sacrificed, divisions may compete rather than work together

Hybrid structure

Where no one structure is used

A common form is to use a combinations of divisions and functional

Advantages – greater central control

Economics of scale

Effective for large organisations

Disadvantages – more complex, highly bureaucratic/centralized

Matrix structure

This is a type of departmentalization which superimposes a horizonatal departments

Division managers take people from department

Advantages – decision making decentralized, response to environment increased, functional specialist can be added or removed

Disadvantages – confusion over chain of command, division manager or department manager, increased administrative cost, tension between department and division managers

Differentiation

Horizontal differentiation – how separate horizontal managers are

Vertical differentiation – how separate vertical managers are

Horizontal differentiation refers to the degree of specialization

Vertical differentiation refers to the number of layers of management in an organization

* The more layers, the more complex communication gets and more likely communication breakdown

Spatial dispersion – how far away physically each division is

Managing complexity reduces breakdowns

Integration

The level of coordination achieved among

Formalization

The degree to which jobs and procedures within the organization are standardized

High formalization

* Minimum discretion over when and what is done
* Clear job descriptions
* Many rules to follow

Low formalization

* Employee behavior relatively non-programmed
* Greater job discretion
* Flexible

Formalisation techniques

* Selection – select people that will fit in
* Role requirements – how high or low formalization
* Rules, procedures and policies- specific standards and statements that govern or guide employees an often result in uniform behaviors or outputs

Socialization – the adaptation process by which individuals learn the values, norms and expected behaviour pattersn

Product/operations scheduling – coordinating

Centralization

* Centralization refers to the degree to which decision making in made at a single point in the organization

Centralization – restrictive

Decentralization - general