

Chapter 12

Organizational Structure

Definitions

- Structure
- Organizations
- Organizational social structure

Organizational Theory

- Objective
- Subjective
- Postmodern

Key Theories of Organizations as Social Systems

- Bureaucratic theory
- Scientific management school
- Classic management theory
- Human relations school
- Open systems theory

Bureaucratic Theory

- Theorist Max Weber (1864-1920)
- View of bureaucracy as a social leveling mechanism founded on impartial and merit-based selection
- Warned of potential dehumanizing effects of bureaucracies that emphasize purely economic results at the expense of important social values

Scientific Management School

- Determines the single best way to structure an organization
- Improve labor relations and the low industrial standards
- Goal: Enhance organizational performance in a spirit of improved cooperation between management and labor
- Bottom-up approach to organizational design

Classic Management Theory

- Classic theorists: Fayol, Urwick, and Gulick
- Top-down approach
- Key concepts: differentiation, coordination, scalar principle, centralization, formalization, specialization, and span of control

Human Relations School

- Emphasis on informal aspects of social structure
- Founding disciplines: industrial psychology and industrial relations
- Famous Hawthorne experiments
- Job enlargement and job rotation promoted to offset alienation that workers experienced from excessive formalization and division of work processes

Open System Theory

- Emphasizes the dynamic interaction and interdependence of the organization with its external environment and internal subsystems
- Effective performance is dependent on the fit between structure and multiple contingency factors such as technology, size, and strategy

Newer Organizational Theories

- Complexity theory
- Network theory
- Social capital

Key Organizational Design Concepts

- Division and coordination of labor
 - Division of work by occupation or function is a form of specialization
 - Advantages of specialization—improved work performance and a critical mass of experts
 - Organizations may differentiate work by function to serve distinct client populations
 - Subdividing work creates breaks in work flow

Common Programming Devices to Control Work in Health Care

- Standardization of worker skills
- Standardization of work processes
- Standardization of work outputs
- Standardization of communication methods

Feedback Mechanisms

- Mutual adjustment
- Direct supervision
- Boundary spanning

Hierarchy

- Structure of authority in an organization
- Hierarchical centralization varies according to decision type
- Hierarchy creates formal lines of communication
- Hierarchy delineates roles and responsibilities

Organizational Forms

- Functional
- Program
- Parallel
- Modified program
- Matrix

Functional Form

- Dividing the work by occupation
- Organizations capitalize on the expertise, experience, efficiency, and professional standards of each discipline
- Benefits include cost reduction, improved performance, and higher quality
- Disadvantages include professional silos, minimal informal relationships across disciplines, and fragmented care delivery

Program Form

- Integration of work by consumer, service, or geography
- Emphasis on outputs
- Each program operates semiautonomously with its own management team
- Benefits: capitalizes on experts, multidisciplinary approach
- Disadvantages: difficulty coordinating services among programs, duplication of resources

Parallel Form

- Coordinating across functional departments
- Mechanism: teams, specialists, task forces, liaison roles, standing committees
- Benefits: fosters collaboration and cross-fertilization of knowledge across divisions, consistency in clinical and management practices

Data from Charnes and Tewksbury (1993).

Modified Program Form

- Used to offset the fragmentation and isolation of functions in pure program structures
- Organizations maintain the program structure and develop integrative mechanisms to unify functions and occupations across programs
- Nurse manager does not directly control operations, finances, or personnel issues

Matrix Form

- People and work are organized along both functional and program dimensions
- Flexibility to change, deliver efficient services, draw on varied talent pool
- Costly because specialists may need to be hired

Organizational Charts

- Reflect the formal structure of the organization
- A visual display of the organization's positions and the intentional relationships among them
- Line positions = solid lines = flow of authority
- Staff positions or advisory bodies = dotted lines to show consultative relationships
- Informal structures do not appear on an organizational chart

Organizational Shapes

- Often described as tall or flat
- Definitions: span of control, scalar principle

Structural Power

- Opportunity
- Power
 - Formal
 - Informal
- Proportion

Leadership and Management Implications

- Restructuring
- Reengineering
- Transparent and participative approach
- Transformational leaders
- Interdisciplinary work
- Organizational assessment

Current Issues and Trends

- Twenty-first century ushered in significant concerns related to the global community and public safety
- Boundaryless organizations
- Affordable Care Act (ACA)
- Healthcare Improvement's (IHI's)
- Nursing shortage
- Medical errors/preventable adverse events

Question #1

All of the following influence the shape of the organization except:

- A. Formal reporting relationship
- B. Span of control of managers
- C. Informal and formal power structures
- D. Number of management layers

Question #2

The following is true regarding informal power:

- Informal power comes from relationships and alliances with people in the organization.
- Informal power is derived from work that is relevant to pressing organizational issues and that provides opportunities to perform extraordinary and highly visible activities.
- Executive leaders do not have informal power.
- Informal power is a type of empowerment.