ORGANISING

EB Kasanda

LEARNING OUTCOMES

- Define organizing and understand the purpose of organising
- Identify the basic elements of organizations.
- Describe the basic alternative approaches to designing jobs.
- Discuss the rationale and the most common bases for grouping jobs into departments.
- Describe the basic elements involved in establishing reporting relationships.
- Discuss how authority is distributed in organizations.
- Discuss the basic coordinating activities undertaken by organizations.
- Describe the basic forms of organization design.
- Identify key factors that determine the structure of the organisation

Nature and Purpose of Organising

- *"Organising is the process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of organisational goals"*

- *Once managers have their plans in place, they need to organize the necessary resources to accomplish their goals.*

Nature and Purpose of Organising

- Organising is arranging and structuring of work activities to accomplish organisational goals
- Organising serves a number of purposes in an organisation
- Divides work to be done to specific jobs and departments
- *Grouping of activities (departmentalisation)*
- Assign tasks and responsibility associated with individual jobs
- Coordinates diverse organisational tasks
- Establishes formal lines of authority
- *Delegation of authority*
- Allocates and deploys organisational resources

Importance of Organising

- Specialisation
- Well defined jobs
- Clarity of authority
- Coordination
- Attainment of goals
- Authority and responsibility
- Facilitates staffing
- Establishment of channel of communication
- Effective administration
- Growth and diversification
- Sense of security
- Scope for new changes

Organisational Structure

- The process of organising leads to the creation of organisational structure.
- Organisation structure is the formal arrangement of jobs within an organisation; it depicts how job tasks are formally divided, grouped, and coordinated.
- The structure of an organisation is most often described in terms of its organisation chart.
- A complete organisation chart shows all people, positions, reporting relationships and lines of formal communication in the organisation.
- There are six key elements to consider designing an organisation's structure:
1. **Job design** (activities to be performed, job content, expected results of job;
2. **Departmentalisation** (grouping jobs/ divide work to bring specialisation ;
3. **establishing reporting relationships (** span of control and chain of command)
4. **Distribution of authority** (delegation, centralisation and decentralisation)
5. **Co-ordinating activities.**

Example of Organisation Chart
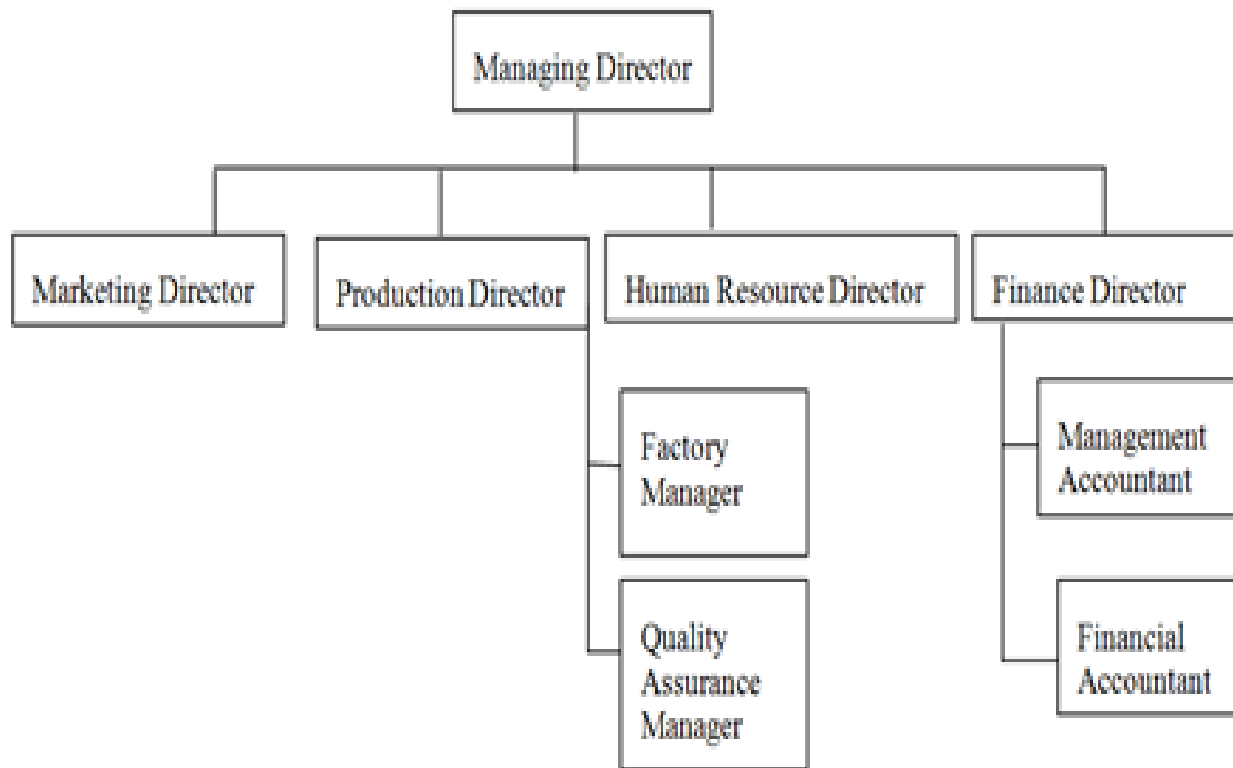
Elements of an Organizational Structure

1. Job Design- Job design is the determination of an employee's work-related responsibilities.
- It is a way organisation define and structure jobs.
- Properly designed jobs can have a positive impact on motivation, performance and job satisfaction.
- An important factor to consider when determining job design for employees is to determine the level of specialisation. Determining the level of Specialisation is the starting point for designing a job.
- **Specialisation** is the degree to which the task is broken down into small units to take advantage of specialised knowledge.
- Job specialisation has its own benefits and limitations as summarised in the table below:

Benefits and Limitations of Job Specialisation

- Benefits of specialisation include
  - *Employees become good at their job*
    - *Leads to quality and excellence*
      - *Productions increase*
      - *Time and cost saving*
- Limitations include
  - *Boredom from repetitive tasks*
    - *Poor quality work*
      - *Limited skill*

Benefits and Limitations of Job Specialisation

Benefits of specialisation	Limitations of specialisation
Workers performing small and simple tasks are very proficient at each task.	Workers who perform highly specialised jobs may become bored and dissatisfied, which may lead to absenteeism and lower quality work.
The transfer time between tasks decreases. If employees perform several different tasks, sometimes they are lost as they stop doing a task and move to the next task.	The anticipated benefits of specialisation do not always occur. For example, the time spent on moving work in the process from worker to worker can be greater than the time needed for the same individual to change from job to job.
The more narrowly defined a job is, the easier it is to develop specialised equipment to assist with that job.	Creates problems of coordination among jobs and functions.
When an employee who performs a highly specialised job is absent or resigns, the manager is able to train somebody new at relatively low cost	Workers become too narrow-minded and highly specific.

Elements of an Organizational Structure

Alternatives to Job Specialisation

- To counter the problems associated with specialization, managers have sought other approaches to job design that achieve a better balance between organizational demands for efficiency and productivity and individual needs for creativity and autonomy.

- Five alternative approaches are job rotation, job enlargement, job enrichment, the job simplification

Methods of Job Design

- A job can be designed in the following ways.
  - **Job simplification:** reduction of the tasks each worker performs.
    - May lead to boredom.
  - **Job enlargement:** increase tasks for a given job to reduce boredom.
  - **Job rotation**-broadens one's view of different tasks
  - **Job enrichment:** increases the degree of responsibility a worker has over a job.
    - can lead to increased worker involvement

Job Characteristics

A Job has five characteristics/dimensions:

- **Skill variety** is the degree to which a job requires a variety of different activities so the worker can use a number of different skills and talent.

- **Task identity** is the degree to which a job requires completion of a whole and identifiable piece of work. E.g. cabinetmaker who designs a piece of furniture, selects the wood, builds the object, and finishes it to perfection has a job that scores high on task identity.

- **Task significance** is the degree to which a job affects the lives or work of other people.

- **Autonomy** is the degree to which a job provides the worker freedom, independence, and discretion in scheduling work and determining the procedures in carrying it out.

- **Feedback** is the degree to which worker gets direct information about how well the job is done.

Job Characteristics Model
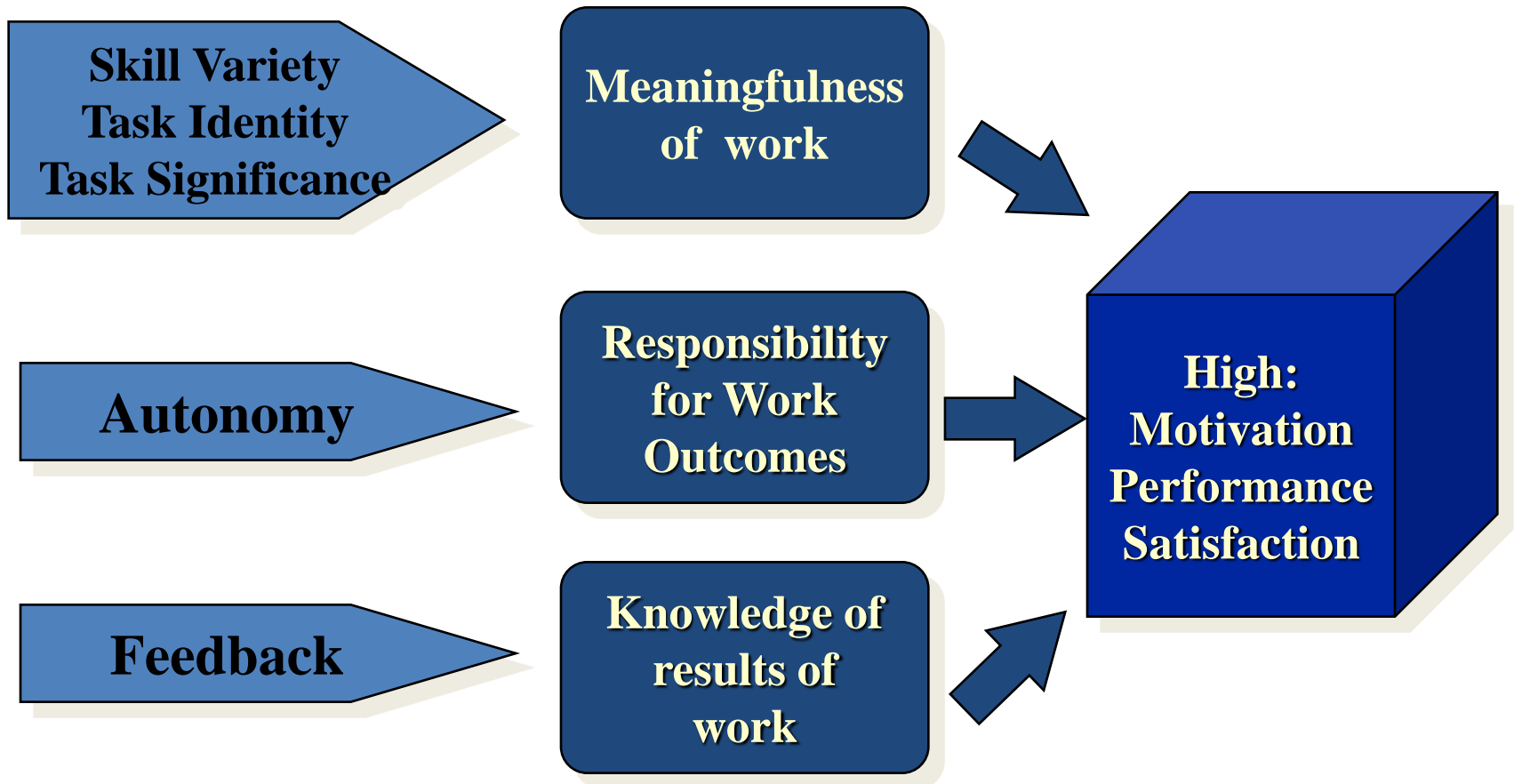
Elements of an Organizational Structure

2. **Departmentalisation(grouping jobs)**

- Once tasks are grouped into jobs, managers must decide how to group jobs together.
- Departmentalisation is dividing work on the basis of specialisation; it is a means of dividing larger organisation into smaller units .
- When organizations are small, the owner–manager can personally oversee everyone who works there. As an organization grows, however, personally supervising all the employees becomes more and more difficult for the owner manager.
- Consequently, new managerial positions are created to supervise the work of others. Employees are not assigned to particular managers randomly. Rather, jobs are grouped according to some plan. The logic embodied in such a plan is the basis for all **departmentalisation**

Bases/ Type of Departmentation

- Departmentation by function
- Departmentation by product-service
- Departmentation by geography/territory
- Departmentation by customer
- Departmentation by process

Departmentation by function

- *Functional department categorises jobs according to the activity performed*.
- All functions of similar nature are divided in different units known as departments
- Job positions are combined into units on the basis of similarity of expertise, skill and work activities.

Advantage:

- It allows those with similar technical expertise to be grouped together in a coordinated subunit.
- Facilitates intra department coordination
- Well defined career path
- Increases the potential for developing specialised technical competences.
- Enhance efficiencies from consolidating similar specialties

Disadvantages:

- It creates "functional loyalty".

- Decision making and communication across departments may be delayed.

- Such groupings may also make information exchange difficult.

- May suffer from monoculture and group think.

- Conflicts between departments are possible.
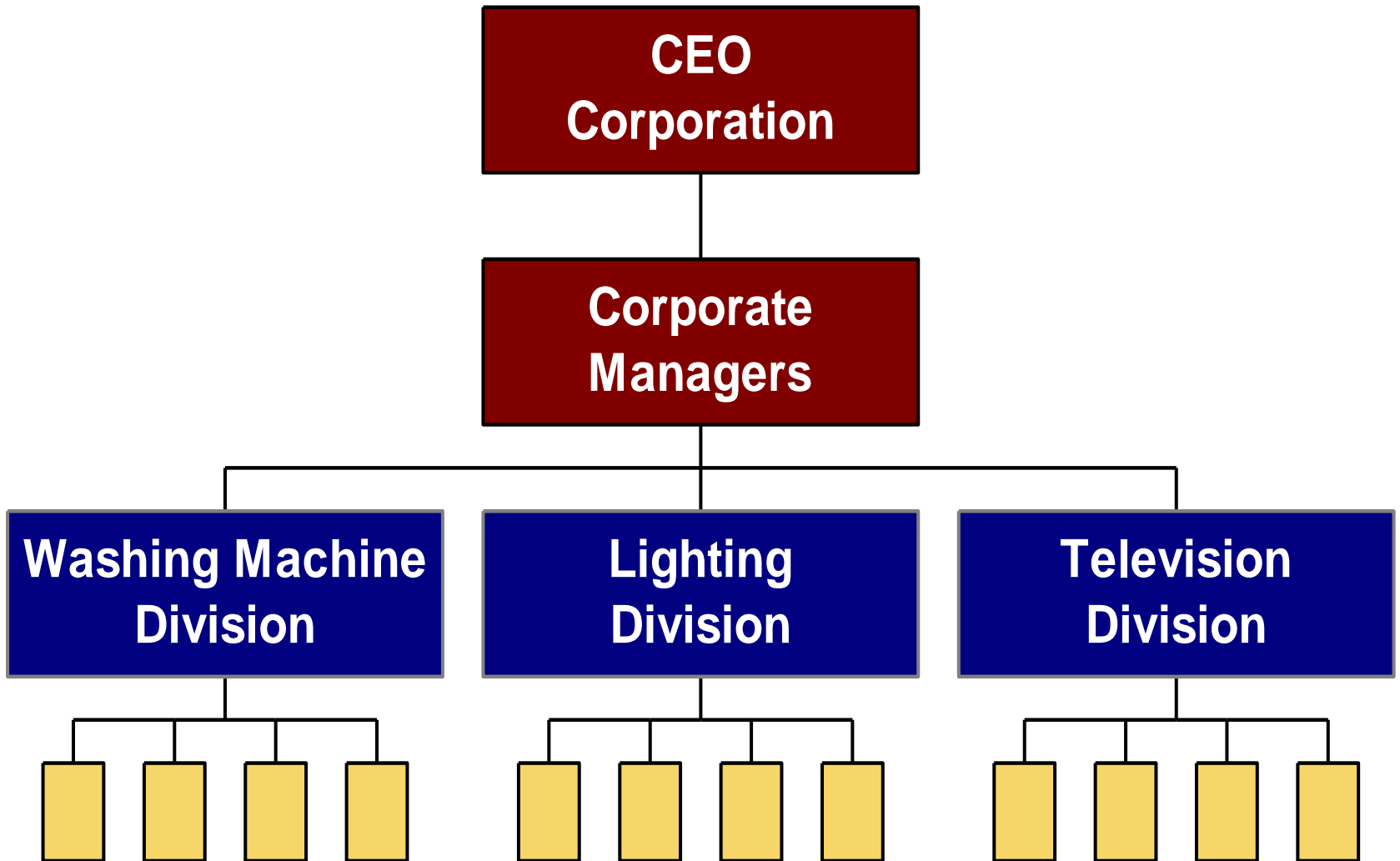
Departmentation by function
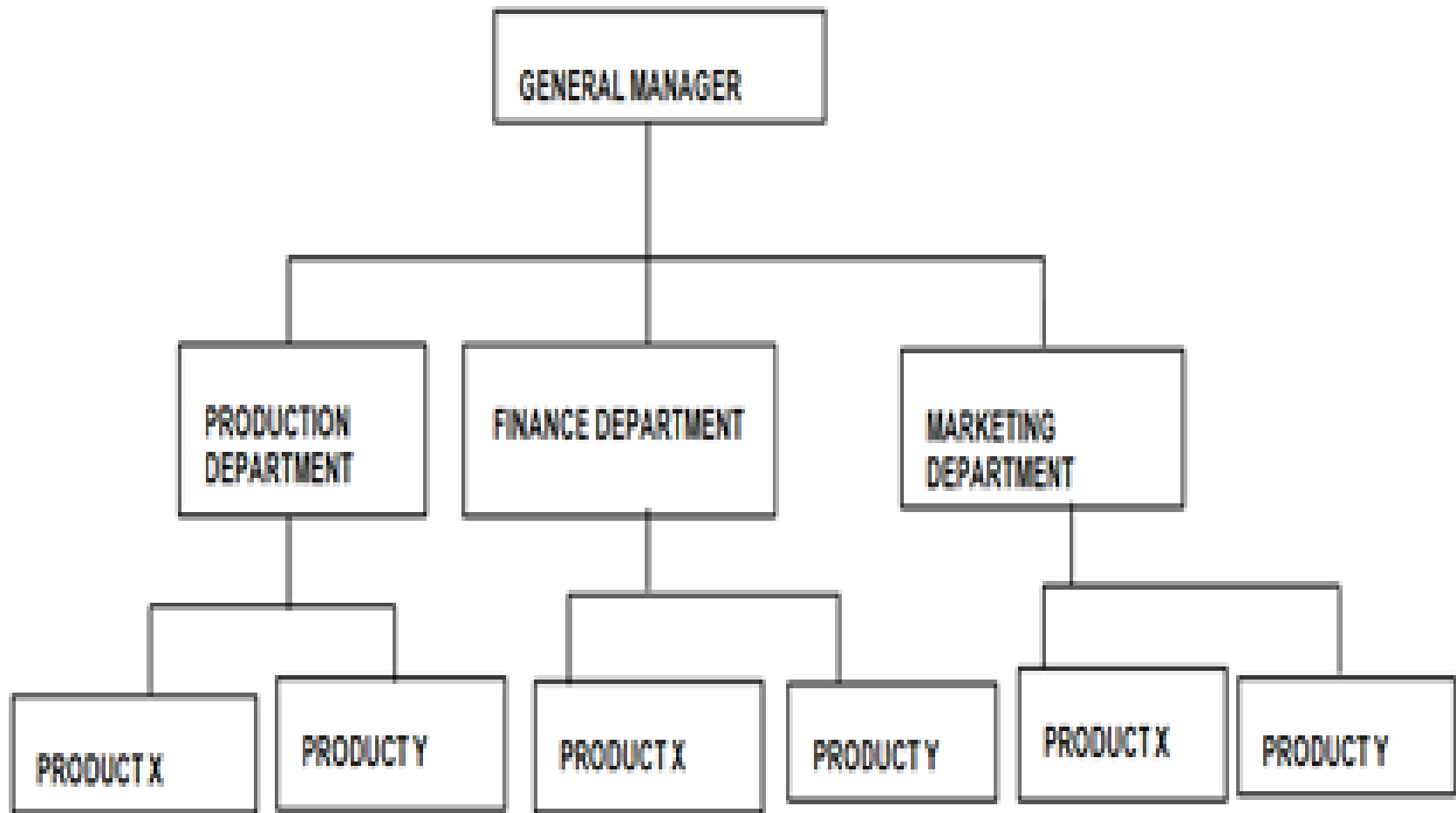
Departmentation by product-service

- Used in organizations where more than one product or service is produced.
- All the resources and authority are placed under the control of one manager.
- Major department stores are structured around product groups such as:
- Home accessories, appliances, woman's clothing, men's clothing and children clothing etc.
- Used in relatively large organisations where there are significant differences among products or services.

Departmentation by product-service

- **Advantages**
- Competition between departments motivates departmental managers to take more initiative for improving efficiency and productivity
- Facilitates growth and diversification of product
- Easy for an organisation to identify which department is making profits/loses
- **Disadvantages**
- costly for the organisation
- Not suitable for small enterprise
- Difficult for top management to take effective control

Product Structure

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                    ┌──────────────────┐
                    │       CEO        │
                    │   Corporation    │
                    └──────────────────┘
                             │
                    ┌──────────────────┐
                    │    Corporate     │
                    │    Managers      │
                    └──────────────────┘
                             │
        ┌────────────────────┼────────────────────┐
┌─────────────────┐ ┌─────────────────┐ ┌─────────────────┐
│ Washing Machine │ │    Lighting     │ │   Television    │
│    Division     │ │    Division     │ │    Division     │
└─────────────────┘ └─────────────────┘ └─────────────────┘
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Washing Machine Division	Lighting Division	Television Division
CEO Corporation		
Corporate Managers		

Departmentation by geography/territory

- Used for organisations with nationwide or worldwide markets.

- Appropriate where geographic markets or operational costs appear to offer advantages.

- Geographic department are most often used in sales and production.

- A major chain store may have its domestic sales departmentalized by regions such as Southern, Lusaka, Copperbelt and Northwest provinces.
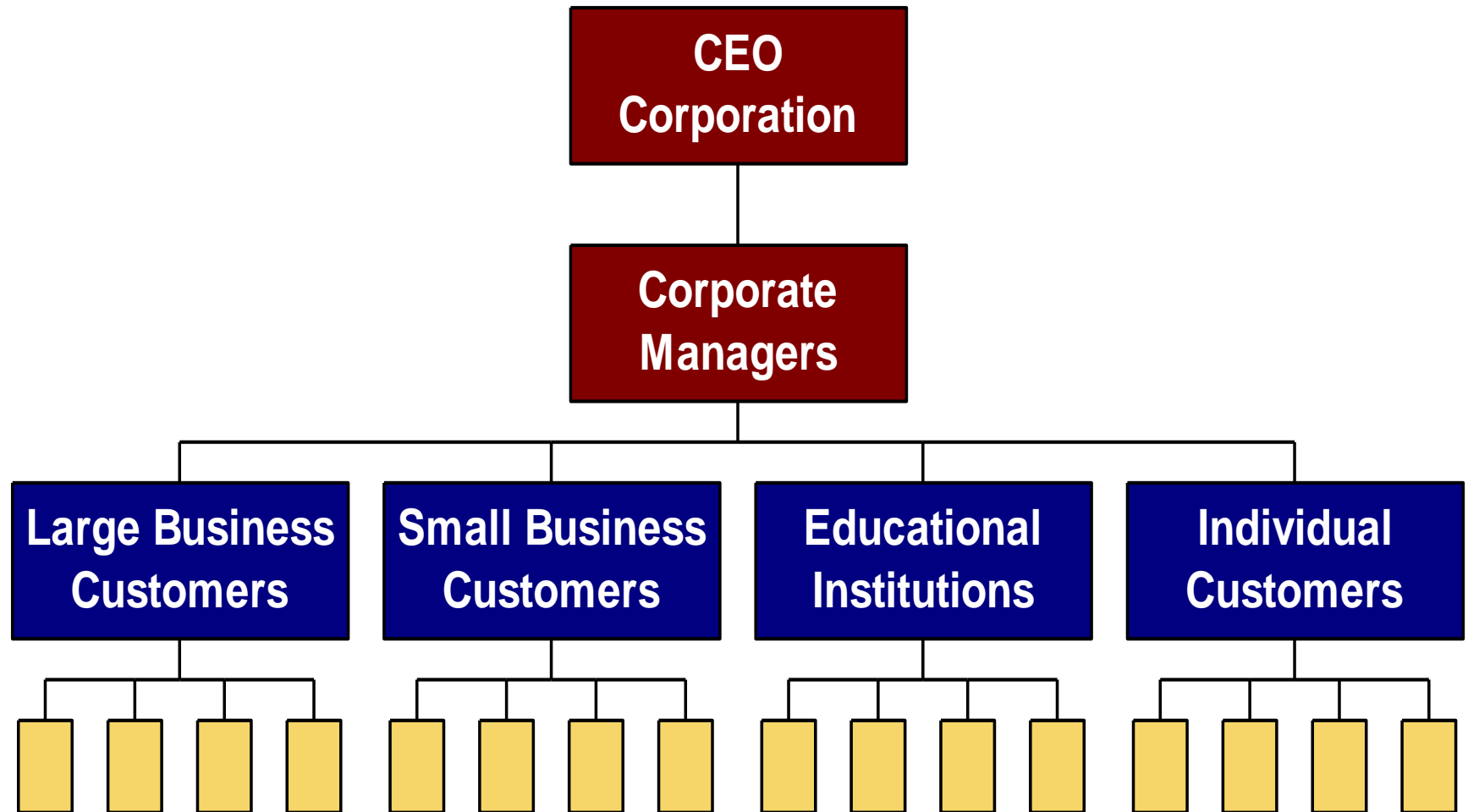
Geographic Structure
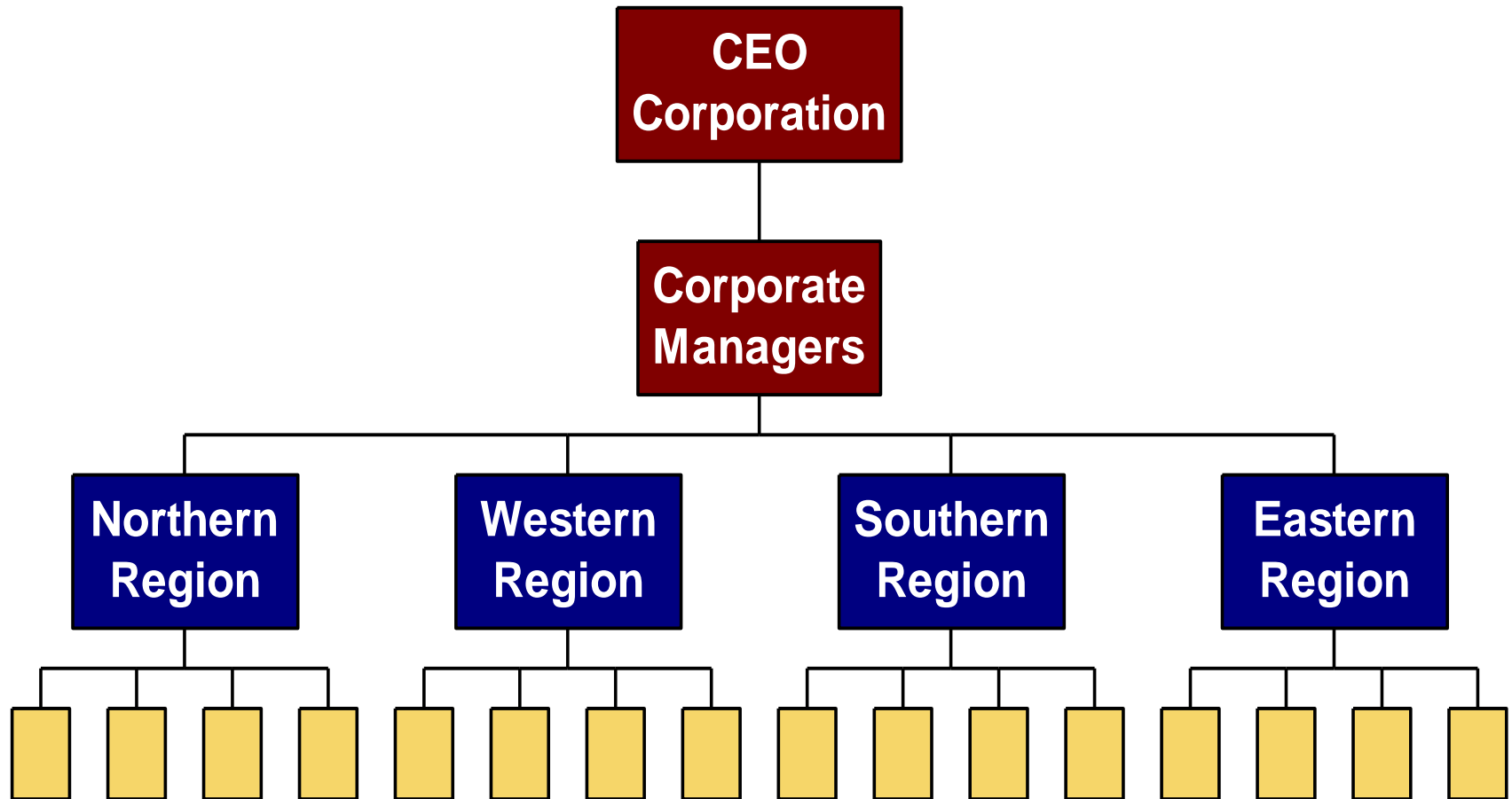
Departmentation by Customer

- Based on a common set of needs or problems of specific customers.

- Departmentisation by customer is utilised in many organisations to carter for the different requirements of customers.

- Today many tertiary education in Zambia are offering different study modes:

- For full-time, evening classes, self-study and long-distance to meet the different requirements of customers.

Departmentation by Customer

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                        ┌──────────────────┐
                        │       CEO        │
                        │   Corporation    │
                        └──────────────────┘
                                 │
                        ┌──────────────────┐
                        │    Corporate     │
                        │    Managers      │
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        ┌────────────────┬───────┴────────┬────────────────┐
┌───────────────┐ ┌───────────────┐ ┌───────────────┐ ┌───────────────┐
│ Large Business│ │ Small Business│ │  Educational  │ │  Individual   │
│   Customers   │ │   Customers   │ │ Institutions  │ │   Customers   │
└───────────────┘ └───────────────┘ └───────────────┘ └───────────────┘
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Departmentation by Process

- Departmentalisation by process groups jobs on the basis of product or customer flow.

- Such type of departmentalisation can be found in paint or electroplating process.

- Each process requires particular skills and offers a basis for homogeneous categorizing of work activities.

Departmentation by Process
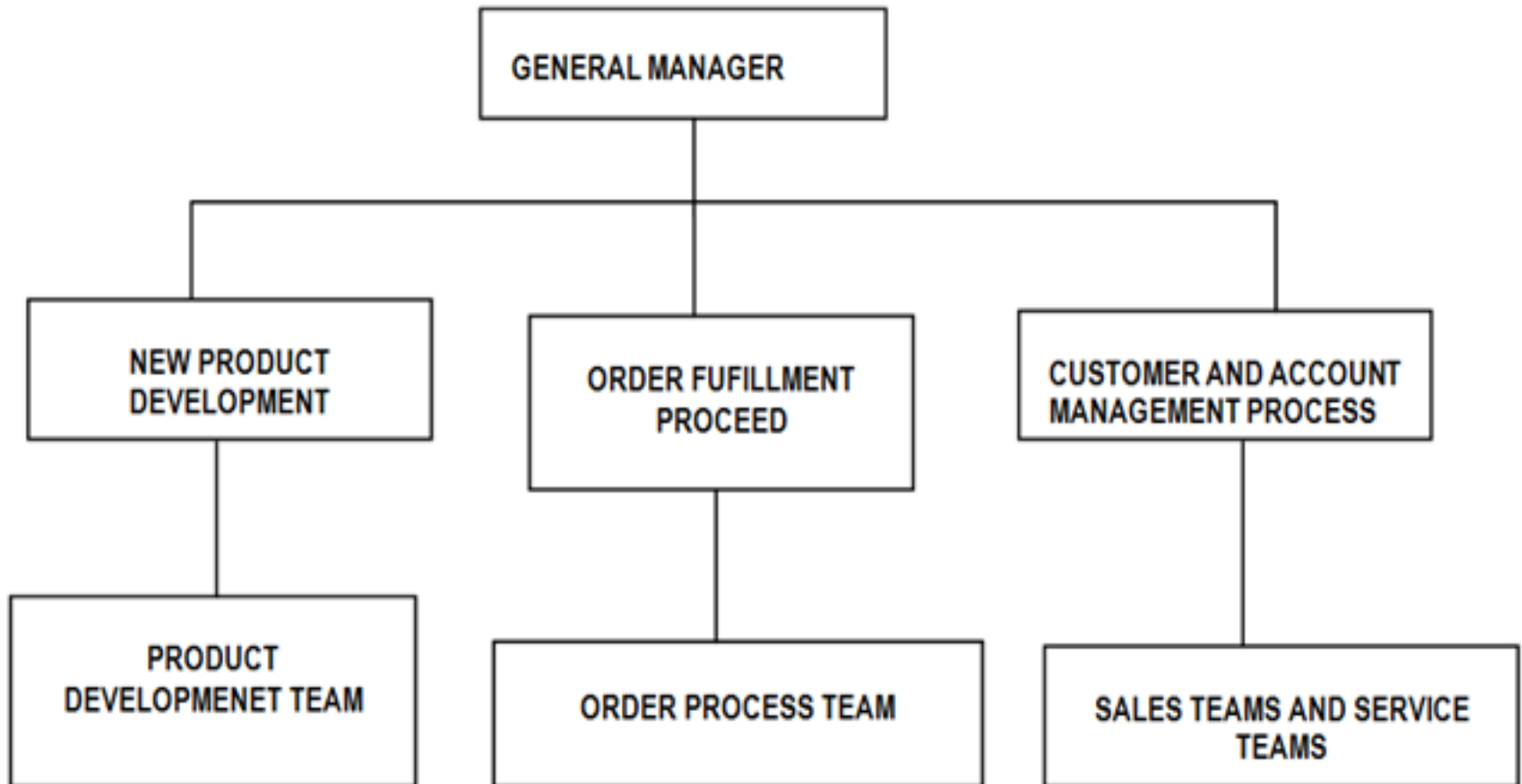
Elements of an Organizational Structure

3. **Establishing Reporting and Authority relationships (span of control and chain of command)**

- **span of control**
- The first stage in establishing reporting lines is to determine who reports to whom.
- Span of control defines clearly the number of subordinates who reports/ controlled by a manager.
- A span of control can be narrow or wide
- A chain of command that is a clear and with distinct line of authority enhances organisation performance.

Span of Control (SC)

- A SC is the number of people who report to one manager in a hierarchy.

- SC applies to managers at all levels throughout the organization.

- The manager with more people under him has a wider span of control and vice-versa.

- SC plays an important role in organizations.

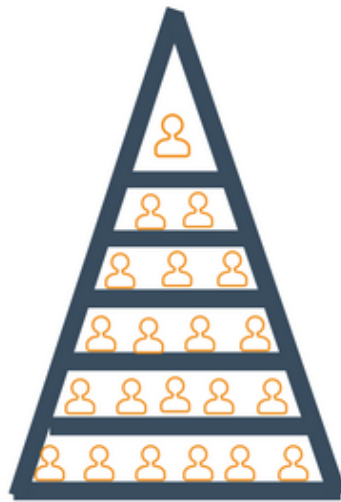- SC has implications on the organizational structure how decisions are made.

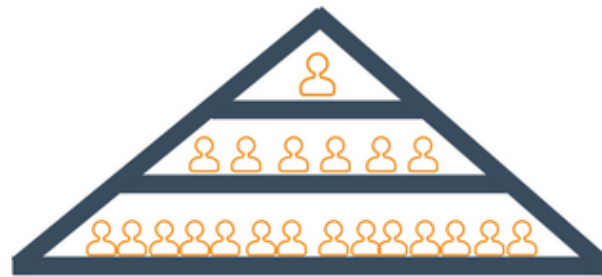# Narrow span of control

Characteristics

- A managers oversees a few subordinates
- Suitable for tall organisation kind of hierarch/structure

Tall/Flat Organisations


Organizational Hierarchies

Tall Organization

Flat Organization

www.expertprogrammanagement.com

More on tall Organisations

- A tall organisation can suffer from having too many managers (a huge expense);

- Decisions can take a long time to reach the bottom of the hierarchy.

- But, a tall organisation can provide good opportunities for promotion and the manager does not have to spend so much time managing the staff.

Narrow Span of Control

Manager 1

Employee

Employee

Employee
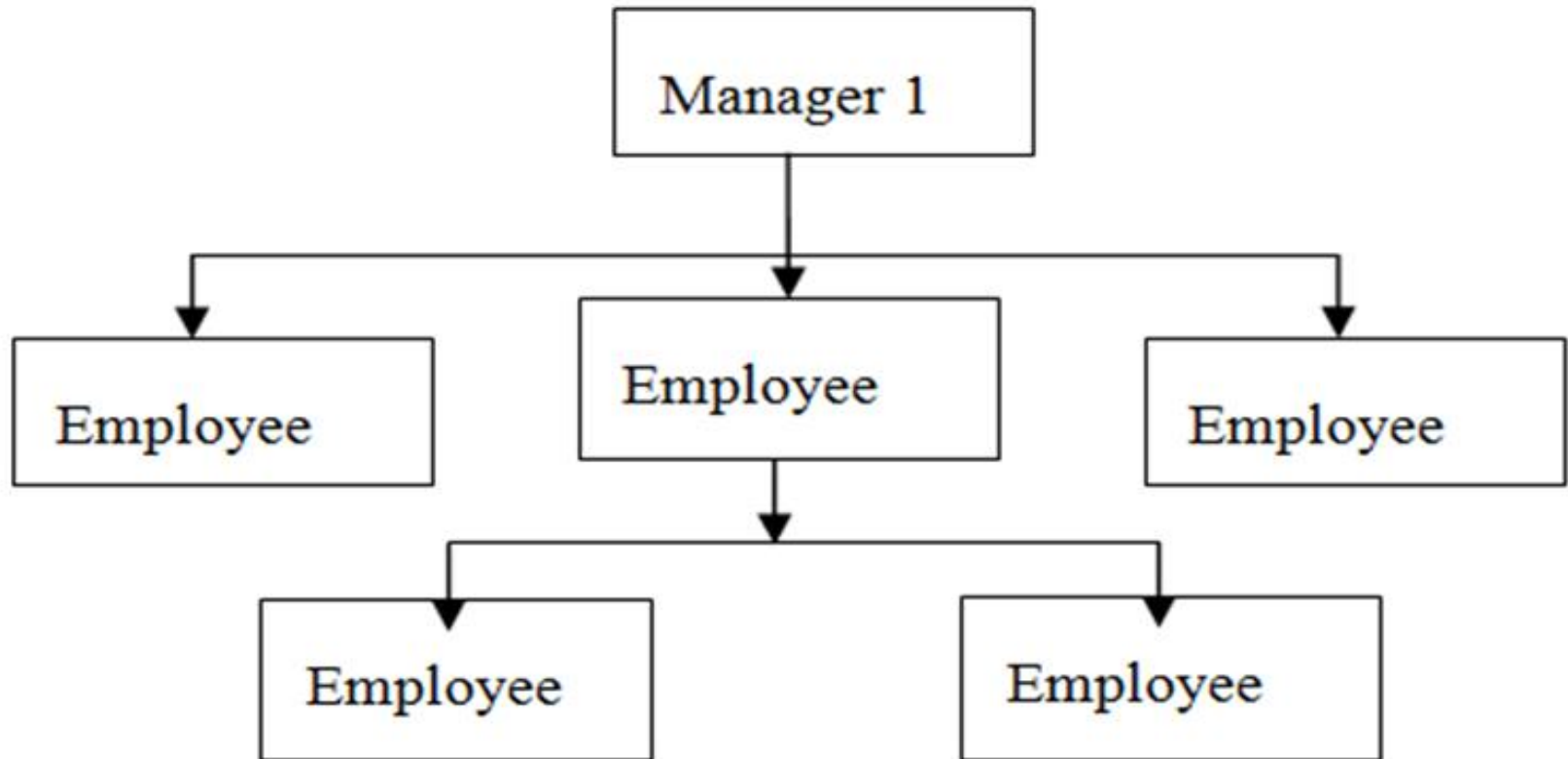
Employee

Employee

Each employee holding a position of authority is responsible for at least two others-i.e. the span is at least two.

Advantages of a Narrow Span

- A smaller team is easier to manage

- A narrow span of control allows a manager to communicate quickly with the employees.

- Feedback of ideas from the workers will be more effective.

- Less management skill required.

- Easier to control

- Allow for closer supervision of employees

# Disadvantages of a Narrow Span

- Excessive distance between top management and bottom level.

- Supervisors tend to get too much involved in the works of subordinates

- Costly dues too many levels an organisation need to employ a lot of managers

Wider Span of Control

Characteristics

- A managers oversees a large number of subordinates

- Suitable for flat organisation kind of hierarch/structure

Wider Span of Control
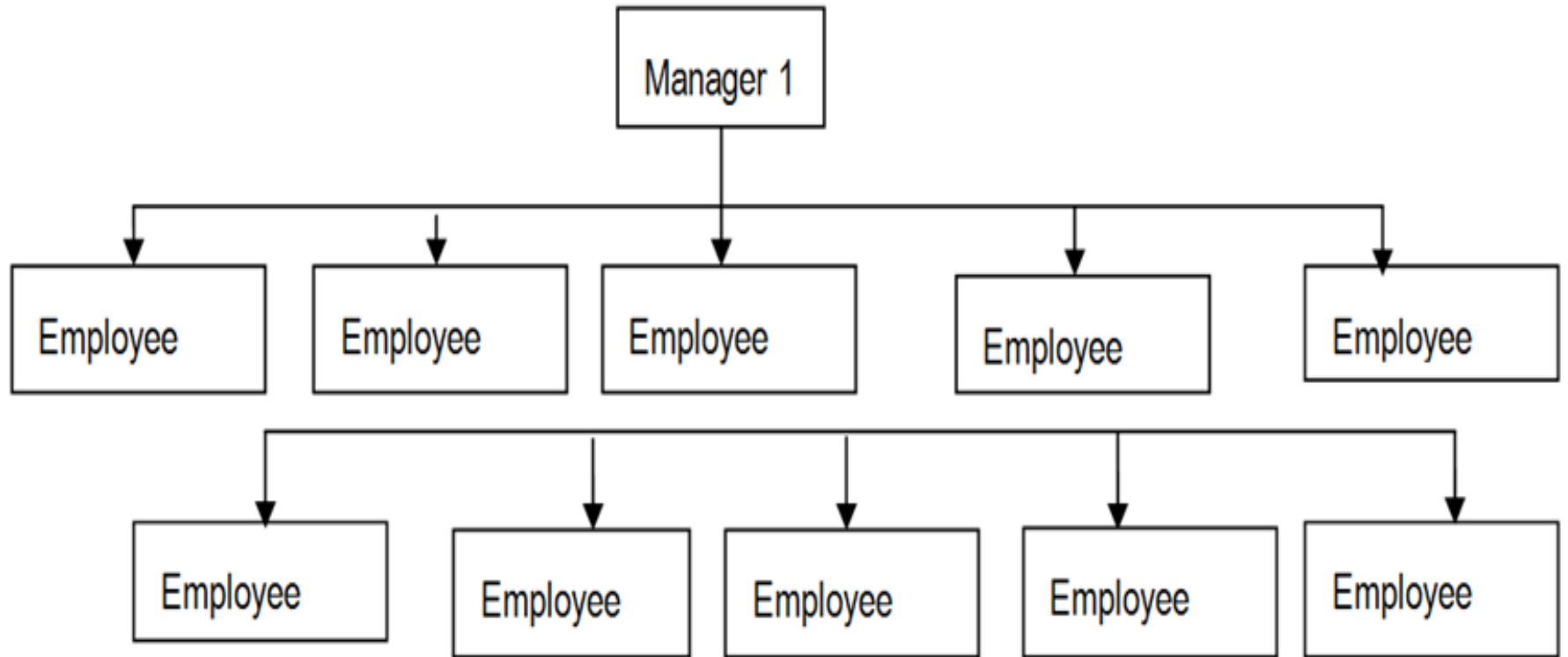
Each employee holding a position of authority is responsible for at least five others-i.e. the span is at least five.

Advantages of the Wider Span

- There are less layers of management to pass a message through. This makes communications easier
- It costs less money to run a wider span of control because a business does not need to employ as many managers
- Makes delegation possible
- Quicker decision making

Disadvantages of the Wider Span

- Manager/supervisor has lesser control
- Possible lack of familiarity between the manager and his/her subordinates
- Coordinating of activities may be a challenge
- A burden on the part of managers because of too much workload

Determinants of Size/Width of the Span of Control

- The type of product being made.

- Skills of managers and workers.

- *A tall organisation has a larger number of managers with a narrow span of control whilst a flat organisation has few managers with a wide span of control.*

Elements of an Organizational Structure

- Another part of establishing reporting relationships is determining a chain of command.

- Chain of command- is the line on which orders and decisions are passed down from top to bottom of the hierarchy.

- It depicts the hierarch of orders/instructions and decisions in an organisation

Chain of Command

Chain of Command

- **<u>Advantages of hierarchies:</u>**
- Clear chain of command because authority and responsibilities are clearly defined
- Encourages loyalty of employees to their supervisors and departments
- Helps create a clear communication line between the top and bottom.
- This improves co-ordination
- Hierarchies create departments and departments form teams.
- There are motivational advantages of working in teams.

Chain of Command

- **<u>Disadvantages of Hierarchy</u>**

The formation of departments can mean that:

- Departments in the hierarch work for themselves and not the greater good of the business.

- Departments in the hierarch do not see the whole picture in making decisions.

- Hierarchies can be inflexible and difficult to adjust.

- Communication across all sections maybe poor

- Encourages bureaucracy

Elements of an Organizational Structure

4. **Distributing Authority-** Another important building block in structuring organizations is the determination of how authority is to be distributed among positions. Authority is power that has been legitimized by the organization. Two specific issues that managers must address when distributing authority are **delegation** and **decentralization**

Power and authority in organisation

- Power is a tool through which organisational leaders influence other people's beliefs, attitudes and courses of action.

- It is the potential ability of a person or group to exercise control over another person or group.

- We should also note that power may reside in individuals (such as managers and informal leaders), in formal groups (such as departments and committees), and in informal groups (such as a clique of influential people).

Power and authority in organisation

- Power can be divided into formal or legitimate and informal power.

- Formal power is usually exercised through formal structures

- Power can also be looked at from domination, whether bottom up or top down.

- Power may also be viewed from "goals, interests, and unequal effect of power plays",

Power and authority in organisation

- Power may also be analysed from the cultural perspective.

- Culture has a significant role to play in legitimising power relations in social relations.

- Culture refers to "learned beliefs, values, rules, norms, symbols and shared meaning to a group of people."

- Within the cultural framework, power is exercised by influencing social actors'

The Sources or Bases of Power

- Power emanates from a number of sources; the five sources of power are discussed below;

1. **Legitimate power** is granted by virtue of one's position in an organization. Managers have legitimate power over their subordinates.

2. **Reward power** is the extent to which a person controls rewards that are valued by another. The most obvious examples of organizational rewards are pay, promotions, and work assignments. If a manager has almost total control over the pay his or her subordinates receive, can make recommendations about promotions, and has considerable discretion to make job assignments, he or she has a high level of reward power.

The Sources or Bases of Power

Reward power can extend beyond material rewards it can also be in form of recognition and acceptance. To the extent that a manager's praise and acknowledgment satisfy those needs, that manager has even more reward power.

3. **Coercive power** exists when someone has the ability to threat or punish physically or psychologically when orders are not followed. Harm another person. For example, Threatening to transfer someone to a undesirable location is a form of coercion. Clearly, the more negative the sanctions a manager can bring to bear on others, the stronger is that manager's coercive power. At the same time, the use of coercive power carries a considerable cost in terms of employee resentment and hostility.

The Sources or Bases of Power

4. **Expert Power Expert power** is influence owned as a result of expertise, specialskill, or knowledge. Subordinates usually believe that their leader has some knowledge that they do not have. The more important the information and the fewer the alternative sources for getting it, the greater the power.

Expert power can reside in many niches in an organization; it transcends positions and jobs. Although legitimate, reward, and coercive power may not always correspond exactly to formal authority, they often do.

Expert power, on the other hand, may be much less associated with formal authority.

The Sources or Bases of Power

5. **Referent power** is power through identification. It is based on identification with a person who has desirable resources or personal traits. Referent power develops out of admiration of another and a desire to be like a person.

Subordinates usually have the desire to identify with or imitate their managers.

Like expert power, referent power does not always correlate with formal organisational authority.

Authority

- Without authority, managers are unable to manage, initiate or sustain the management process.

- Authority *therefore revolves around obtaining the right to perform certain actions within the specified guidelines, to decide who does what, to demand the completion of tasks and discipline those who fail to do what the organisation expects of them.*

Authority

- Authority is therefore a form of power-e.g legitimate power.

- Form authority is the type of power that is associated with organisational structure.

Delegation of Authority

- Delegation is simply getting work done through others through transfer of responsibility and authority.

- *It is the process of assigning task activities and corresponding authority to specific individual (s) within an organization*.

- It involves giving and acceptance of responsibility and authority.

- Delegation of authority by superiors to subordinates is necessary for the efficient functioning .

- Delegation is one of the most important of all the skills a manager must possess.

Importance of Delegation of Authority

- Assigning responsibility motivates employees.
- When a manager delegates the tasks to an employee, that employee will feel a sense of trust that his boss places on his abilities.
- Effective management
- It helps develop employees skills
- Useful in identifying and creating future managers
- Better coordination of organisational activities
- Reduce the workload of managers
- Improves superior-subordinate relationship

Steps in the Delegation Process

- **Assigning specific duties to the individual** - the manager must be sure that the subordinate has a clear understanding of what these duties entail.

- **Granting appropriate authority to the subordinate** – the subordinate must be given the right and power within the organisation to accomplish the duties assigned.

- **Acceptance by the subordinate of the obligation involved in the delegated task** – the subordinate must be fully aware of what the task involves and what is demanded by way of added responsibility.

- **The final step is completion of the delegated tasks to the satisfaction of the superior** – at this point careful assessment and evaluation may be necessary.

Advantages of Delegation

- Gives superiors time to focus on challenging jobs
- Delegation leads to a quicker action
- Delegation is an important factor in training and developing personnel.
- Delegation may lead to higher levels of motivation.
- Delegation not only builds the confidence of personnel.
- Decision-making may be more effective.
- Delegation is said to lead to a widening of awareness .
- The supervisor has more free time to accomplish other tasks.

Disadvantages of Delegation

- There is possibility of a manager losing track of the progress.
- Ensuring that the subordinate is capable of carrying out the task may not be easy.
- There is a danger of task not being done properly as a result of incompetent subordinates
- Managers may delegate boring jobs to subordinates and this might be demotivating
- Training employees to carry out new responsibilities maybe expensive
- Problems can result if an employee is given responsibility.

Barriers to Delegation in Superiors

- Lack of confidence in subordinates.
- Lack of self-confidence.
- Fear of competition from subordinates.
- Desire to be involved in all the details of work.
- Belief that, "if you want it done right, do it yourself".
- If supervisors are insecure in their job.
- Lack of experience in delegating.
- Belief that being busy is the same as being productive.

Barriers to Delegation in Subordinates

- Preferring to be dependent on the boss.
- Desire to avoid responsibility.
- Lack of trust in the superior.
- Aversion to risk taking.
- Real lack of job skills.
- Lack of understanding of policies and procedures.

Eliminating Barriers to Delegation

- Establishment of clear objectives for subordinates.

- Managers should build subordinate confidence.

- A balance of trust and the need for control.

- Supervisors should give subordinates the freedom to carry out their responsibilities

Guidelines to Effective Delegation

- **Define assignments and delegate authority in the light of results expected** i.e. grant authority to make possible the accomplishment of goal assignments.
- **Maintain open lines of communication** – since plans change and decisions must be made in the light of changing conditions, there should be a free flow of information between superior and subordinate,
- **Establish proper controls** - because no manager can relinquish responsibility, delegations should be accompanied by techniques to make sure the authority is properly used.
- **Reward effective delegation and successful assumption of authority**
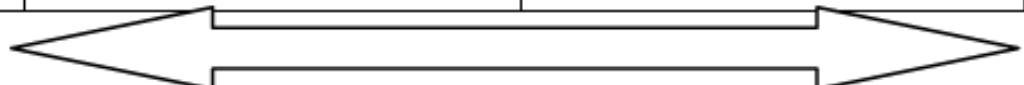
Centralisation and Decentralisation

- *Delegation runs along a continuum from decentralisation and centralisation.*

- Centralisation is defined as the relative retention of decision-making authority by top management.

- In centralised organisations authority and accountability remain at the top of the hierarchy.

- Almost all decision-making authority is done by top management.

Decentralisation

- In decentralised organisation authority and accountability are passed down the organisational hierarchy;

- It is the granting of decision-making authority by management to lower-level employees.

- Decentralisation increases as the degree, importance, and range of lower-level decision making.

- *Centralisation or decentralisation, are comparative degree, not an absolute ones.*

Centralised Vs Decentralised Str.

	Highly centralised organisations	Highly decentralised organisation
How many decisions are made at lower level in the hierarchy?	Very few, if any	Many or most
How important are the decisions that are made at lower levels (i.e., do they impact organisational success or kwacha values)?	Not very important	Very important
How many different functions (e.g., production, marketing, procurement) rely on lower-level decision making?	Very few , if any	All or most
How much does top management monitor or check up on lower-level decision making?	A great deal	Very little or not at all

Advantages of Centralisation

- Easier to coordinate the activities
- Decisions and policies are consistent with the organisation's goals.
- Economises on administrative overhead costs.
- Allows experienced top managers to make better decisions.
- Allows for quick response to major unanticipated events.
- Control and coordination is easier
-

Disadvantages of Centralisation

- It creates pressure of work at top management levels.

- It causes delays in handling of issues since all cases have to be referred to the central body.

- It may lead to frustrations of employees at lower levels who may feel not capable of handling issues.

- Accountability becomes very difficulty since all activities are controlled at the top level.

Advantages of Decentralisation

- Relieves top managers to concentrate on more strategic issues.
- Provides a major source of motivation.
- It is an invaluable way to develop managerial talent.
- Allows organizations to respond more quickly.
- Allows problems to be handled by people who are most familiar.
- Achievement of effective managerial control.

Disadvantages of decentralisation

- It leads to delay in decision-making due to the need to consult the central body.

- There is a possibility of poor co-ordination at lower levels.

- There is a danger of deviating from overall objectives.

There is no organization which is totally centralized or totally decentralized. No one manager makes all the decisions, even in a centralized setting. Within an organization that centralizes authority for making strategic and tactical decisions, authority for making operating decisions may be decentralized.

Coordination

- When tasks are divided so that they can be easily managed.
- The problem of co-operation or co-ordination among various departments arises.
- Because People get tempted to pursue their own departmental interests at the expense of organisational goals
- Coordination prevents this from occurring
- **_Coordination_** is synchronising of activities – bringing together the activities and resources of separate departments to achieve a common goal.
- For an organisation to achieve its goals coordination is necessary

Coordination

- Without effective co-ordination no system or organisational structure is complete.
- Without coordination, people would lose sight of the total organisation.
- Thus co-ordination ensures that organisational departments are working in tandem and are interdependent.
- The extent of coordination depends on the nature of tasks performed.

Coordination

- A high degree of coordination is likely to be beneficial for work that is non-routine and uncertain,

- For work in which factors in the environment are changing, and for work in which interdependence is high.

- Coordination can also occur among people working at different organisations e.g. consortium of suppliers .

Importance of Coordination

- Coordination is important in achieving organisational goals

- It improves relationships

- When activities of the organisation are well coordinated there is less wastage of materials

- Proper control, a well coordinated organisation is easier to control

Approaches to achieving effective coordination

- Communication
- Using basic management techniques
- Boundary spanning

    Reducing the need for coordination

- This can be achieved by either creating slack resources and/or creating independent units.
- Providing additional resources gives units a leeway to meet each other's units

Formal and informal organizations

The formal component of an organisation

- Every organisation has both a formal and an informal component.
- The formal component is the total pattern of working relationships among organisation members that is officially specified.
- It is the organisation reflected on the organisation chart. It is how the organisation is supposed to work.   For individual employees, the formal component includes their jobs, their boss, rules and procedures, and so on. Its distinguishing features include:

a.   Well defined structure
b.   Regularity of planned activity
c.   Relative durability
d.   Patterns of planned relationships among members
e.   Procedures intended to mobilise and co-ordinate the efforts of sub-units and individuals

Informal Organisations

- Informal organisations exist within the formal organisation.
- An informal organisation is a network of personal and social relationships.
- People working in a formal organisation meet and interact regularly.
- They work, travel, and eat together. Therefore, they become good friends and companions.
- There are many groups of friends in a formal organisation.
- The informal component of an organisation has neither a constitution nor written rules and procedures. It functions irregularly, being characterised not by any complex patterned structure, but rather by its social relationships.

Organisational Design

- Organization design is the overall set of structural elements and the relationships among those elements used to manage the total organization. Thus organization design is a means to implement strategies and plans to achieve organizational goals.

- As we discuss organization design, keep in mind two important points.

- First, organizations are not designed and then left intact. Most organizations change almost continuously as a result of factors such as situations and people.

- Second, organization design for larger organizations is extremely complex, with so many nuances and variations that no description of it can ever be a full and complete explanation.

- Two common design of an organisation include mechanic and organic structures.

Common Organisational Design

- *Mechanistic structure*
- Hierarchical in nature
- Rigid and Slow to adaptation to technological change
- Characterised by high specialisation
- High Centralisation
- Narrow span of control
- Downward communication
- Standardized rules and regulations
- Continued membership requires loyalty and obedience.

- *Organic structure*
- Highly adaptive and flexible
- Little specialisation
- Decentralisation
- Wide span of control
- Lateral communication
- Flexible rules and regulation
- An organic organization is generally expected to be faster at reacting to changes in the environment

Mechanic vs Organic Structures

CHARACTERISTIC	MECHANISTIC ORGANIZATIONS	ORGANIC ORGANIZATIONS
1. Task definition for individual contributors	Narrow and precise	Broad and general
2. Relationship between individual contribution and organization purpose	Vague	Clear
3. Task flexibility	Low	High
4. Definition of rights, obligations, and techniques	Clear	Vague
5. Reliance on hierarchical control	High	Low (reliance on self-control)
6. Primary direction of communication	Vertical (top to bottom)	Lateral (between peers)
7. Reliance on instructions and decisions from superior	High	Low (superior offers information and advice)
8. Emphasis on loyalty and obedience	High	Low
9. Type of knowledge required	Narrow, technical, and task-specific	Broad and professional

Determinants of organisational structure

➤ *Size of the organisation* –number of employees, values of the organisation assets

➤ *Technology and information processing-* The combination of skills, knowledge, tools, equipment, computers and machines used in the organization. More complex technology makes it harder for managers to regulate the organization.

- If the rate of change in technology is slow, the most effective design is bureaucratic or mechanistic.

- If the technology is changing rapidly, the organisation needs a structure that allows more flexibility and quicker decision making so that it can react quickly to change the appropriate structure would be organic.

Determinants of organisational structure

➢ ***Environment-*** all elements – people, other organisations, economic factors, political factors – that lie outside the boundaries of the organisation.

  ■ The quicker the environment changes, the more problems face managers.

  ■ A stable environment is characterised by little change and a mechanistic structure will be appropriate

  ■ If the environment is changing and uncertain a flexible structure would be recommended(organic)

Determinants of organisational structure

- ***Human resources-***
- Higher skilled workers who need to work in teams usually need a more flexible structure.
- Higher skilled workers often have professional norms (Academicians, physicians, consultants, etc.)
- ***Organisation stage in its life cycle*** (birth, growth, maturity, decline)

Organizational Life Cycle

- An organizational life cycle is a sequence of major stages of development through which any organization evolves. Although every organization passes through the life cycle at its own pace, there are usually four stages: birth, youth, midlife and maturity. Each stage presents managers with unique opportunities and organization design problems.

- **Birth Stage**
- In this stage the organization is created. The focus is on providing the product r service and surviving marketplace. The organization's size, typically measured by the number of employees, is small, and its operations are informal and non-bureaucratic. The founders are engaged in all of the firm's activities, from production to marketing. Employees work long hours to help the organization survive. There are few rules and procedures to coordinate people. Employees form informal task forces and simply do whatever is necessary to get the work done.

Youth Stage

- The organization is a successful competitor in the market place, and because the organization has survived and knows how to compete in its industry, its environment is less uncertain. It has more employees, and a division of labour is emerging. Functional departments are formed, and their managers are given the authority and responsibility to make decisions in their fields of expertise

- **Midlife Stage**
- By the midlife stage the organization has succeeded and grown quite large. It looks more like a bureaucracy, with rules, procedures, and job descriptions for employees. Top Managers delegate decision making to subordinates and invest money in vertical information systems to keep them abreast of what's going on.

- **Maturity Stage**
- In the maturity stage the organization is large and mechanistic and operates in a stable environment, where competitors are well known. It has numerous functional departments, each with its own area of expertise, to handle the problems of running the business. Rules, procedures, and budgets are used by top managers as a means to integrate and coordinate employees activities across multiple products and different geographical locations
- At this point in the life cycle some organizations begin to decline. To offset this tendency and regain some innovation and flexibility, the organization may be broken down into smaller units. Another option to get out of unprofitable businesses. Organizations that fail to revitalize themselves may level off as mature organizations or even go into a steady decline.