

## Management & Organizational Behavior

### Organizing

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### Organizing

- Organizing
  - The process of arranging people and other resources to work together to accomplish a goal.
- Organization structure
  - The system of tasks, workflows, reporting relationships, and communication channels that link together diverse individuals and groups.

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### Organizations as Systems

- Interrelatedness
- Interactions among subsystems
- Interactions between system and environment
- Differentiation & Integration

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### Differentiation Division of Labor

- Specialization
- Vertical
- Horizontal
- Personal
- Spatial

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### Integration Coordination

- Rules & procedures - standardization
- Planning processes
- Hierarchy
- Direct contact
- Liaison
- Temporary task force
- Team

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### Organization Chart

- A diagram describing reporting relationships and the formal arrangement of work positions within an organization.
- An organization chart identifies ...
  - The division of work
  - Supervisory relationships
  - Communication channels
  - Major subunits
  - Levels of management

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## Organizing

- Formal structure
  - The structure of the organization in its official state.
- Informal structure
  - A “shadow” organization made up of the unofficial working relationships between organization members.

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## Informal Structure Advantages

- Helping people accomplish their work.
- Overcoming limits of formal structure.
- Gaining access to interpersonal networks.
- Connecting with people who can assist in task performance.

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## Informal Structures Disadvantages

- May work against best interests of entire organization.
- Susceptibility to rumor.
- May carry inaccurate information.
- Resistance to change.
- Diversion of work efforts from important objectives.
- Feeling of alienation by outsiders.

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## Organizational Structures

- Functional structures
  - People with similar skills and performing similar tasks are grouped together into work units.
  - Are not limited to businesses.
  - Work well for small organizations producing few products or services.

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## Functions

- Marketing
- Finance
- Accounting
- Production/manufacturing/operations
- Human resources
- R & D
- Engineering

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## Functional Structures Advantages

- Economies of scale
- Task assignments consistent with expertise and training
- High-quality technical problem solving
- In-depth training & skill development
- Clear career paths within functions

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### Functional Structures Disadvantages

- Difficulties in pinpointing responsibilities
- Functional chimneys (silos) problem
- Sense of cooperation and common purpose break down
- Narrow view of performance objectives
- Excessive upward referral of decisions

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### Divisional Structures

- Group together people who work on the same or similar
  - Product, process, or project
  - Customers
  - Geographical region
- Common in complex organizations.
- Avoid problems associated with functional structures.

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### Divisional Structure Types

- Product structures - single product or service
- Process structures – same processes
- Project structures – major project
- Customer structures - same customers or clients
- Geographical structures - same location or geographical region

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### Divisional Structures Advantages

- More flexibility in responding to environmental changes
- Improved coordination
- Clear points of responsibility
- Expertise focused on specific customers, products, and regions
- Greater ease in restructuring

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### Divisional Structures Disadvantages

- Duplication of resources and efforts across divisions
- Competition and poor coordination across divisions
- Emphasis on divisional goals at expense of organizational goals

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### Matrix Structures

- Combines functional and divisional structures to gain advantages and minimize disadvantages of each.
- Used in:
  - Manufacturing                      - Professional fields
  - Service industries                - Non-profit sector
  - Multi-national corporations
  - Organizations pursuing growth strategies in dynamic and complex environments

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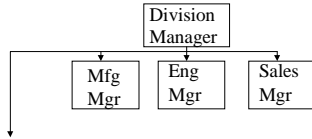
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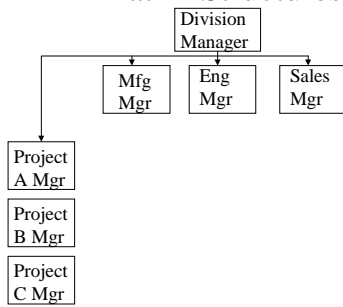
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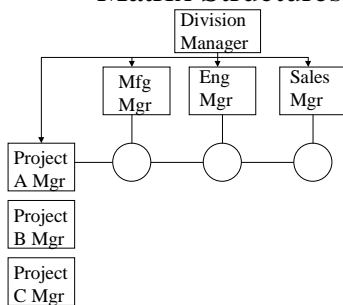
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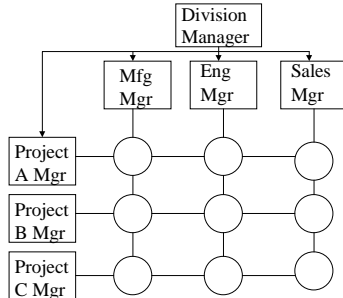
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## Matrix Structures




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## Matrix Structures Advantages

- Better interfunctional cooperation
- Increased flexibility in restructuring
- Better customer service
- Better performance accountability
- Improved decision making
- Improved strategic management

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## Matrix Structures Disadvantages

- Two-boss system is susceptible to power struggles
- Two-boss system can create task confusion and conflict in work priorities
- Team meetings are time consuming
- Team loyalties may cause loss of focus on organizational goals
- Increased costs

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## Horizontal Structures

- Focus the organization around processes, not functions.
- Put people in charge of core processes.
- Decrease hierarchy and increase the use of teams.
- Empower people to make decisions critical to performance.
- Utilize information technology.
- Emphasize multiskilling and multiple competencies.
- Teach people how to work in partnership with others.
- Build a culture of openness, collaboration, and performance commitment.

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## Team Structures

- Extensively use permanent and temporary teams to solve problems, complete special projects, and accomplish day-to-day tasks.
- Often use cross-functional teams.

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## Team Structures Advantages

- Eliminates barriers between operating departments.
- Improved morale due to cross-functional interaction.
- Improved quality and speed of decision making.
- Increased enthusiasm for work.

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### Team Structures Disadvantages

- Conflicting loyalties among members.
- Excessive time spent in meetings.
- Effective use of time depends on quality of interpersonal relations, group dynamics, and team management.

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### Network Structures

- A central core that is linked through networks of relationships with contractors and outside suppliers of essential services.
- Use communications and information technology to support shifting strategic alliances and strategic contracts.

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### Network Structures Advantages

- Fewer full-time employees and less complex internal systems
- Reduced overhead costs and increased operating efficiency
- Permits operations across great distances.

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### Network Structures Disadvantages

- Control and coordination problems may arise from network complexity.
- Potential loss of control over outsourced activities.
- Potential lack of loyalty among infrequently used contractors.

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### Boundaryless Organizations

- Organizations in which teamwork and intense communication take the place of formal lines of authority.
- Break down internal & external boundaries.
- Key requirements:
  - Absence of hierarchy
  - Empowerment of team members
  - Acceptance of impermanence
  - Use technology

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### Virtual Organization

- A special form of boundaryless organization
- An organization that operates in a shifting network of external strategic alliances that are engaged as needed, and typically supported by extensive IT utilization

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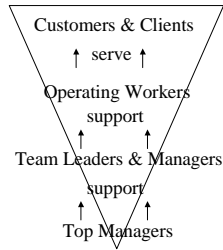
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## The Organization as an Upside Down Pyramid



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## Organizing Trends

- Shorter chains of command
- Less unity of command
- Wider spans of control
- More delegation and empowerment
- Decentralization with centralization
- Reduced use of staff

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