Management & Organizational Behavior

Organizational Design & Work Processes

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

Organizing Trends

- Chain of command - line of authority that vertically links all persons with successively higher levels of management
- Trend – Shorter chain of command
  - Organizations are being "streamlined" by cutting unnecessary levels of mgt.
  - Flatter structures - competitive advantage.

Organizing Trends

- Unity of command - Each person in an organization should report to one and only one supervisor
- Trend – Less unity of command
  - Organizations are using more cross-functional teams, task forces, and horizontal structures.
  - Organizations are becoming more customer conscious.
  - Employees often find themselves working for more than one boss.

Organizing Trends

- Span of control - Number of persons reporting directly to a manager
- Trend – Wider span of control
  - Organizations are shifting to wider spans of control as chains of command are shortened and empowerment gains prominence.
  - Managers have responsibility for a larger number of subordinates who operate with less direct supervision.

Organizing Trends

- Delegation - process of entrusting work to others by giving them the right to make decisions and take action
- Empowerment - manager assigns responsibility, grants authority to act, and creates accountability
- Trend – More delegation and empowerment
  - Managers are delegating more and finding more ways to empower people at all levels.

Effective Delegation

- Carefully choose the person to whom you delegate.
- Define the responsibility; make the assignment clear.
- Agree on performance objectives and standards.
- Agree on a performance timetable.
- Give authority; allow the other person to act independently.

Effective Delegation

- Show trust in the other person.
- Provide performance support.
- Give performance feedback
- Recognize and reinforce progress.
- Help when things go wrong.
- Don't forget your accountability for performance results.

Decentralization With Centralization

- Centralization is the concentration of authority for making most decisions at the top levels of the organization.
- Decentralization is the dispersion of authority to make decisions throughout all levels of the organization.

Decentralization With Centralization

- Trend:
  - Empowerment and related forces contribute to more decentralization in organizations.
  - Advances in information technology allow for the retention of centralized control.

Staff

- Specialized staff—people who perform a technical service or provide special problem-solving expertise to other parts of the organization.
- Personal staff—people working in "assistant-to" positions that provide special support to higher-level positions.
- Trend: Reduce use of staff

Organizational Design

- Choosing and implementing structures that best arrange resources to serve the organization's mission and objectives.
- A problem-solving activity that should be approached from a contingency perspective.
- Key directions in structural change:
  - Shift from vertical to horizontal.
  - Shift from authority-driven to task-driven.

Organizational Design

- Classical view of bureaucracy
  - The ideal organizational form
  - Bureaucratic designs feature
    - Clear-cut division of labor
    - Strict hierarchy of authority
    - Formal rules and procedures
    - Promotion based on competency

Contingency Perspective

- When is a bureaucratic form a good choice for an organization?
- What alternatives exist when it is not a good choice?

Contingency View

1. There is no one best way to organize.
2. However, not all ways of organizing are equally effective in every situation.

The challenge, then, is to discover how to organize effectively in different situations.

Contingency Perspective

- Environment determines the answers to these questions.
  - A mechanistic design works in a stable environment.
  - An organic design works in a changing and uncertain environment.

Organizational Design

- Adaptive organizations …
  - Operate with a minimum of bureaucratic features.
  - Operate with cultures that encourage worker empowerment and participation.

Organizational Design

Mechanistic Designs	Organic Designs
– Centralized	– Decentralized
– Many rules and procedures	– Fewer rules and procedures
– Narrow spans of control	– Wider spans of control
– Specialized tasks	– Shared tasks
– Few teams and task forces	– Many teams and task forces
– Formal and impersonal means of coordination	– More informal & personal means of coordination

Organizational Design

- Utilizes contingency thinking.
- Results in structures that satisfy situational demands.
- Results in structures that allow all resources to be used to best advantage.

Contingency Factors

- Does the design fit well with the major problems and opportunities of the external environment?
- Does the design support implementation of strategies and the accomplishment of key operating objectives?
- Does the design support core technologies and allow them to be used to best advantage?

Contingency Factors

- Can the design handle changes in organizational size and stages in the organizational life cycle?
- Does the design support and empower workers and allow their talents to be used to best advantage?

Environment & Organizational Design

- Certain environment
  - Relatively stable and predictable elements
  - Bureaucratic organizations and mechanistic designs are appropriate.
- Uncertain environment
  - More dynamic and less predictable elements
  - Adaptive organizations and organic designs are appropriate.

Strategy & Organizational Design

- Structure follows strategy.
- Stability strategy is supported by:
  - Bureaucratic organizations using mechanistic designs.
- Growth strategies are is supported by:
  - Adaptive organizations using organic designs.

Technology & Organizational Design

- Technology
  - The combination of knowledge, skills, equipment, computers, and work methods used to transform resource inputs into organization outputs.

Technology & Organizational Design

- Core manufacturing technologies
  - Small-batch production - A variety of custom products are tailor-made to order.
  - Mass production - A large number of uniform products are made in an assembly-line type of system.
  - Continuous-process production - A few products are made by continuously feeding raw materials through a highly automated production system with largely computerized controls.

Technology & Organizational Design

- The technological imperative – "fit"
  - Technology is a major influence on organizational structure.
  - The best small-batch and continuous process plant have more flexible organic structures.
  - The best mass-production plants have more rigid mechanistic structures.

Technology & Organizational Design

- Core service technologies
  - Intensive technology - Focuses the efforts of many people with special expertise on the needs of patients or clients.
  - Mediating technology - Links together parties seeking a mutually beneficial exchange of values.
  - Long-linked technology - Functions like mass production, where a client is passed from point to point for various aspects of service delivery.

Organizational Size, Life Cycle & Design

- Larger organizations tend to have more mechanistic designs.
- Organizational life cycle
  - Birth stage—small size, simple structure.
  - Youth stage—rapid growth in size, simple structure experiences stress.
  - Midlife stage—large size, more complex and formal structure.
  - Maturity stage—large size, mechanistic structure.

Coping with Disadvantages of Large Size

- Downsizing - Reducing the scope of operations and number of employees.
- Intrapreneurship - Pursuit of entrepreneurial behavior by individuals and subunits within large organizations.
- Simultaneous structures - Organizations that combine mechanistic and organic designs.

Human Resources & Organization Design

- Provides people with supporting structures needed for both high performance and work satisfaction.
- Produces a good "fit" between organization structures and human resources.
- Allows the expertise and talents of organization members to be unlocked and utilized.

Subsystems Design

- Subsystem
  - A department or work unit headed by a manager.
  - Operates as a smaller part of the larger organization.
  - Serves the needs of the larger, total organization.
- Ideally, each subsystem supports other subsystems.

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Subsystems Design

- The total system structures of successful firms match the challenges of their environments.
- The subsystems structures of successful firms match the challenges of their respective subenvironments.
- Subsystems in successful firms worked well with each other.

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Subsystems Design

- Differentiation - Differences
- Subsystems differentiation:
  - Time orientation
  - Objectives
  - Interpersonal orientation
  - Formal structure

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Subsystems Design

- Increased differentiation creates the need for greater integration.
- Integration is more difficult to achieve as differentiation increases.

Subsystems Design

- Integrating Mechanisms
  - Rules and procedures
  - Hierarchical referral
  - Planning
  - Direct contact
  - Liaison role
  - Task forces
  - Teams
  - Matrix organizations

Organizational Design

- Process reengineering
  - Systematic and complete analysis of work processes.
  - Design of new and better work processes.
- Work process
  - "A related group of tasks that create a result of value for the customer." (Michael Hammer)
- Workflow
  - Movement of work from one point to another in the manufacturing or service delivery process.
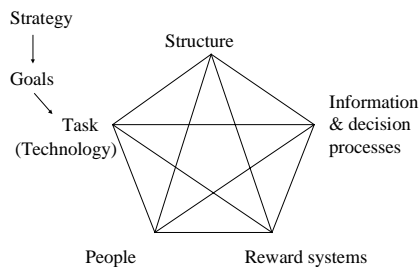
Process Reengineering

- Process value analysis
  - Identify core processes.
  - Map core processes in respect to workflows.
  - Evaluate all tasks for core processes.
  - Search for ways to eliminate unnecessary tasks or work.
  - Search for ways to eliminate delays, errors, and misunderstandings.
  - Search for efficiencies in how work is shared and transferred among people and departments.

Summary:
Organizational Design Focus

- Systems view of organizations
  - Differentiation & integration
  - Inter-relatedness
- Contingency view of "fit"
- Current trends
  - Horizontal structures
  - Organic structures
  - Combination of centralization & decentralization

Galbraith Model

Strategy

Goals

Task (Technology)

Structure

Information & decision processes

People

Reward systems

Management & Organizational Behavior

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