

Designing Work Organization
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Lecture-10
Dimension of Organization Structure-2

In the previous sessions of the dimension of organized structure 1, we have talked about the functional organization structures and the divisional organization structures. Now in this particular part, we will talk about the relational coordination, organization design alternatives, challenges of the multicultural teams, four strategies to overcome the challenges that is the HBR study with the help of the HBR study we will be discussing. Then the multicultural managers and the organizations, multicultural organizational development model MCOB and with the help of the case study, research paper, book recommendations, and references as usual, we will be discussing in this particular session is there. Now, we have talked about the functional structures, we have talked about the geographical structures in the divisional structures in the earlier sessions. In this session, we will talk about the geographic structure is there. Many businesses are based on the geography is there.

So, organizations to meet the needs of the users or customers by geography and for example, you talk about the east zone, west zone, north zone, south zone, a particular geographical area is there and the divisions will be made accordingly there. Many multinationals or corporations are organized by country wise is there like the Asian zone, Asia head, right. Many times we see the title of the executive is the Asia head and that title represents the geographical structure is there. Strengths and weaknesses similar to the divisional organization is there.

The national organization provides brand recognition, then the fundraising services and the administrative functions are there. So, therefore, in that case, you will find that is the day-to-day control and the decision making the decentralized to regional units are there. It becomes necessary for the specially large enterprises that is they get decentralized and the basis for this decentralization is the regional basis is there. The next figures focus managers and employees on specific geographical regions and the sales targets are there and the geographic structures help the companies expand into new markets and the use resources more efficiently. Now, organizations can adopt to the specific needs of their own region and the employees identity.

For example, they require only in the north zone, they require only in the south zone, they require north and south, but not eastern west or only east not west whatever. So, they identify with the regional goals rather than the national goals are there and then they create that organization structure is there. So, these national goals will be having the all over the country while when we talking about the designing a particular organization structure to satisfy the need of a particular regional zone is there. This is the example. Now here, when we talking about global organizations, it is America, Brazil, Asia Pacific, Western Europe or the Middle East is there and therefore, this CEO will be responsible for these different geographical zones.

Now, for example, the America then again it is North America, Latin America or in the Asia Pacific, Japan, Australia, India. So, therefore, in that case, it becomes the specific geographical location where you will find that is the structure is created. Sometimes an organization structure needs to be multi-focused on both product and functions are there. So, still, so far we have discussed either the functional division or the geographical location, but when we talk about the matrix structure and then that is a combination. So, therefore, the product also is there and the function is there and the product and the geographic is also there.

So, therefore, there not necessarily that you will have only the functional divisional or the geographical structure in isolation rather than you can mix it on the basis of your needs and requirements are there. So, here we are understanding the different ways, which way will be the best one that will be decided by your own organization by yourself on the basis of making the internal environmental study and the external environmental study of the business which you are performing. One way to achieve this is through the matrix structure. The matrix can be used when the both technical expertise and the product innovation and the change are the important for the meeting the organizational goals. And therefore, in that case to meet the organizational goals you find that is no sir I cannot go only by functional structure or only by these geographical structure.

So, definitely on the basis of your technical expertise on the basis of your product innovation you can club these both the structures and that will be called the matrix organizational structure. The matrix structure often is the answer when organization find that the functional divisional and geographical structure combined with horizontal linkage then mechanisms will. So, then in that case these linkage mechanism will not work. So, therefore, only the single it is not work, but in the combination it will work. The matrix is a strong form of the horizontal linkages.

This is also very very important. I have talked in my previous session that is the vertical

structures, long structures they are becoming the more or less obsolete. If it is very specific for your organization that is fine. In the bureaucratic organizations it is necessary to form these layers. So, then in that case definitely we cannot avoid that there has to be the vertical structure, but when we talk about the horizontal structure or the horizontal linkages are there.

The unique characteristics of the matrix organization is that both product divisions and the functional structures horizontal and verticals are implemented simultaneously are there. And therefore, this is the example and in this example you will find like the president is there, then the director of the product operations, design vice president, then the manufacturing vice president, marketing vice president, controller and procurement manager is there. So, here this is the structure which is talking about the functions. And this is a structure which is talking about the product. So, product A and then this is a function.

So, this will be the step. For product D it is a marketing vice president and the marketing vice president for the product will be there. So, this is a very good example of how the functions based organization structure and the product based organization structure that creates the matrix organization structure. What are the conditions when the matrix organization structure will be the most suitable? It is a pressure exists to share scarce resources across the product lines. The organization is typically medium sized and has a moderate number of the product lines are there.

And here you will find that is these are the sharing of the resources that is a medium scale and a moderate number will be always there whenever there is a requirement to develop the product lines are there. Condition 2, environmental pressure exists. So, therefore, in that case critical outputs such as example is in-depth technical knowledge is required because what is the most important function of the functional structure that is a detailing the knowledge expertise is developed right? But please do not forget that is you have to be specialized, but simultaneously you are supposed to have the general management approach also. Otherwise, you will be only restricted in your career for a production manager. And frequent new product divisional structures will be there.

The dual pressure means a balance of power is needed between the functional and the product sites of the organization. And the dual authority structure is needed to maintain that particular balance is there. Then the condition 3 is there. The environment domain of the organization is both complex and uncertain. So, where the in the condition 1, it was a scarce resources position was there.

And is there was the environmental pressure and therefore, you have to connect the

product term specialization and the functional specialization. And condition 3 talks about the environmental domain of the organization in both complex of uncertain frequent external changes and high interdependence between the departments they put a large amount of coordination and information processing in both vertical and the horizontal directions are there. The functional and the product matrix will be there. Two variations of matrix structure have involved the functional matrix and the product matrix. The functional matrix, the functional process they have primarily authority and the project or product management they supply the coordinate the product activities.

In a product matrix by contrast, the contrast to the functional matrix is there. Because here it is a primary authority and then the product manager simply coordinate the product activities. While in case of the product matrix in contrast, the project or the product manager have primary authority and functional managers simply assign technical personnel to projects and provide advisory expertise as needed is there. For many organizations, one of these approaches works better than the balance matrix with the dual lines of the authority is there. So therefore, in that case you can adopt either the single basis of the organizational structure, functional, divisional, geographical.

You go by the functional and the product also as it has been shown into the previous slide where this type of these organizational structures that is also possible or you can go by the both the dual lines of authority is there where the product technical personnel to the projects provide advisory expertise is needed. As usual, matrix structure is also having certain strengths and weaknesses as the functional, geographical and divisional structure is having. So, strength of the matrix structure that is achieve the coordination necessary to meet dual demands and customers are there. And therefore, it becomes the first step which is making you the help you to the achieve the organizational needs. Flexible sharing of human resource across the products are there and therefore, in that case they are transferable.

So therefore, you with the when your scarcity of resources manpower is less, you can use the manpower and the product base also and on the functions based also. Suited to complex decisions and frequent changes in the unstable environment. So this is the basically in uncertainty the matrix structure becomes the best solution. Based in the medium sized organizations with the multiple products are there. So may not be very early like the geographical, geographical structure is more suitable for when the larger enterprises are located at different geographical locations.

But in this case, the matrix structure is best suited in the case of these medium-sized organization with the multiple products are there. The weakness of this particular structure is it causes participants to experience dual authority which can be frustrating

and confusing. In the functional organizational structure, I have talked about this scalar chain of command. When we talk about this scalar chain of command, then there is a one authority to whom you have to report. But in the case of this matrix structure, it is becoming confusion between whether I should follow the functional manager as the authority or who is my authority or it is a product manager is my authority is there.

And these can be frustrating and confusing for in this organizational structure is there. This participants need good interpersonal skills and the extensive training is required. So dual, when we are talking about that is the dual relationships. So in the case of the dual relationships, it becomes a very important that is the employee is highly expertise. If he is expertise, then in that case he will become the more successful.

But in the case of this particular case where he is not having the good interpersonal skills, then he has to provide a lot of training. And by providing the training, he can make the use for the both the this type of the matrix structures because he has to handle two bosses and he should be enough clever to understand and manage these particular relationship between the these two bosses are concerned. This is a time consuming because involves a frequent meeting and conflict resolution sessions are there. So therefore, in that case here naturally because the it is having the two divisions product and functional in this example. So therefore, he will have the frequent meetings, there will be the conflicts also, there will be the scarcity of resources also.

So these all things are to be faced if you are adopting for the matrix structure is there. It will not work unless the participants understand it and adopt the collegial rather than the vertical type relationship is there. And therefore, in that case if the employees are focusing on the vertical type because they are from the functional division, those who are having the experience into the functional division, they find it difficult to develop themselves with the product division culture. So, therefore, in that case, it will not work unless the participants understand themselves those who are into that particular organization structure and they understand that is what are the limitations are there. Requires a great effort to maintain the power balance, and therefore, in that case, it will become important that is they are maintaining the power balance is there between these the two bosses and the one sub-ordinity is there.

I would like to share with you now the one HBR study which is having the nine tests of the organization designs. So whenever you are going for the designing the organization structure, these nine tests of the organization design which can be used either to evaluate an existing structure or to create a new one is there. So therefore, in that case, you will find that is the whenever we are talking the first four tests are what we call the feed test is there. They provide an initial screen for design alternatives. What are the different

design alternatives are there that will be screened for prevailing whether the structure supports the company strategy, talent pool and the situation is there.

So, therefore, in that case, it becomes important that is the whether they are going for this a particular aspect of this learning from these structure support and company strategies are there. So, whether the company strategies are there, talent pool and the situations that will be making these more and more understanding. So there these four tests are initial screening of the design alternatives, revealing whether the structure supports the company strategy because ultimately we have to achieve the organizational goal and organizational goal cannot be achieved in the isolation of organization culture. So, therefore, that support the company strategy is very very important if you are creating the structure matrix structure and it is supporting the company strategy then that is perfectly fine or the talent pool and the situation is there. So whatever the talent pool is there, they should be also supporting as I mentioned earlier otherwise, it will be limitation they will not be able to handle this type of the environment and the situation and a given situation whether they are able to go for in the given situation or not.

The next five are the good design. So first four are called the fit test and the next five are called the good design test. So they can help a company refine a prospective design by addressing the potential problem areas including the balance between the empowerment and the control is there. The nine tests of good organization design, it will be the fit test, higher-level strategy test, business function strategy test, people test and the feasibility test will be there. The five design tests will be the specialist culture test, difficult link test, redundant hierarchy test, accountability test and the flexibility test is there and that will be having this organization design is there. So first we will go for getting the fit right that is the four tests are there.

So the market advantage test, does your design direct sufficient management attention to your sources of competitive advantage in each market is there. So here it is becoming about this how you are taking this particular decision is there. So if your design directs sufficient management attention, then you can go for the, you are passing this particular test is there and you are getting the fit right test. The people test is there. In the people test does your design reflect the strengths, weaknesses and motivation of your people because unless and until your people are not motivated you will not get the outcome.

So for this test, first look at your key players, the members of the top management team and other individuals deemed critical to the business. For each ask whether the design provides the appropriate responsibilities and the reporting relationships and wins their commitment or not. So therefore in that case, this is becoming a very very important where we are going for the appropriate responsibilities and wins their the commitment is

there and once you are making them sure that is your people they are having they will have the good reporting relationship and then definitely they will making the more appropriate responsibilities delivery will be there. The third one is the parenting advantage test. Does your design help the corporate parent and value to the organization? Just as parent play a varying role in families, corporate headquarters play varying roles in the different companies.

The focus of this test is to make sure the organization design is tailored to support these roles are there. Now this is the parenting advantage is there. So rival parents, strengths and the scenarios are there. Decisions about the parent is there and fit is the decision about the portfolio. So characteristics of the parent that fit into the characteristics of the business is there and the as I mentioned that is the parents here are the that is the corporate headquarters.

So corporate headquarters, they are having these characteristic fit of the parent is there caring and understanding and therefore, the characteristics of the business that will be better understood is there. So the feasibility test is the have you taken account of all the constraints that may impede the implementation of your design. All companies have the constraints on their ability to add some constraints such as the laws or the external others such as the information system or the internal systems because they can impede or even block certain organizational changes. Such constraints need to be identified unnecessarily early in the design effort is there. Now we will talk about the next five tests are there.

The specialist cultural test, does your design protect units that need the distinct cultures? As you see these structures as right from beginning I am saying actually this reflects the organizational culture. So therefore, be careful when you are designing your organizational structure you keep in mind the organizational culture is there. I would like to give the example. For example, the organization is more focusing on the centralized type of this power or empowerment of the power. Which structure will be the best one? Yes, you are right.

The organizations which are having the centralized power the functional vertical structures that will be much better. But there will be no cultural conflicts will be there. But when you will go for the matrix structure, culture conflict will be there. And if your specialist of the culture test shows your employees can work in this type of these cross functional culture then definitely your structure will be successful. But your culture is of the functional structure and you create the employees appointments are posting into the matrix structure those employees will not be successful.

And if they will not be successful so organization will not be successful because they will not be able to give the delivery. So they will not feel motivated. I have mentioned in this session only this thing that is the people fit and their motivation that becomes very very important. So because the people are driven by their motives, by their brain, by their decision making power. So they need to think and work it ways that are the different from the prevailing organizational norms are there.

If they are having the experience of the another organization here they have to understand know that culture will not work here. So that culture fit that will making the more successful of designing your organization structure. Difficult link test does your design provide coordination solutions for the unit to unit links that are likely to be problematic. However, you define your units some collaboration among them is likely to be necessary. We have found that the large majority of these links are best handled through the self-managed networking among the units.

Whenever possible top management should leave these up to the units rather than impose top down coordination processes there. And therefore, in that case whenever these decisions are to be taken, these decisions are to be taken at the unit level and not from the top to bottom level or the top management will not be required to take this particular decision. So therefore, that is why this slide talks about that is the rather than impose the top down coordination it is better that is you are having these self-managed networking teams are there they themselves decide. The third one is the redundant hierarchy test is there and thus your design have too many parent level and units are there. So naturally then control mechanism will be too much and in evaluating an organization design our basic presumption is in favor of decentralizing please understand.

So, when you are having the parenting type of the organization structure then you are having the centralization. Here we are talking about the success of the organization in favor of the decentralizing decisions to frontline units. So no parenting is required and parenting is required only up to a certain limits whenever there is a need. So decision at upper levels only if those levels can add value.

The accountability test is there. Does your design support effective controls? The purpose of this test is to ensure that every unit has appropriate control over its performance is there. So when subunits are there they are performing and they have their own control on the performance is there. The source is the responsibilities are economical to implement and motivate managers is there. So that becomes economically also suitable because they know the unit people know that is what is their condition and how they have to handle the situation and therefore in spite of the

parenting the advantage you have to go by the performance controls that suits their own responsibilities.

The flexibility test is there. Does your design facilitates the development of the new strategies and provide the flexibility required to adopt to the change? So therefore in that case the always I talk about that is the all these management is the flexibility, sustainability and growth. This is the fundamental concept is there and therefore in that case when you are designing then the facilitates the development of the new strategies and the provide the flexibility required to adopt to change is there. So design and organization structure that thrives. Three new styles of organization design offer insights for building and organization structure.

They are better able to navigate disruption. The management organizations are there and it emphasizes the autonomous decision making and the shared responsibilities are there. Employee driven organizations are there. They support the participation, the free flow of the information and the profit sharing is there. The socio-crazy is guided by efficacy and efficiency while though honoring the voices of all members and intentionally empowering way of referring to employees are there. Now I will talk about six principle building the blocks of establishing and non-hierarchical organization is there.

First one is emphasize nourishment as a workplace benefit is there. Work is a place of personal evaluation and growth. To grow healthfully we need nourishment of all kinds intellectual, emotional and of course physical through food and drink is there. So therefore in that case it is the this will be the emphasizing of the way there. So here you can make the sense that is the how the workplace is a personal is a place for personal evaluation and growth. Maintaining a home base around which people gather for stability and connection is there.

Need for these reliable empathy and relationship building. Need providing a secure sense of unity at an antidote to the stress of the change and the challenges behind our control. As when you are working into the new organization structure, systems, matrix then definitely what is required that is the relationship building is required and it provides a security sense of unity to the employees are there. So stress of the change and the challenges behind their control that they have to make ensure that is they are maintaining a home base is there. Provide flexible work hours to increase the efficacy and commitment is there and establish a non-hierarchical team structure rooted in the responsibility and the respect is there. The non-hierarchical system that works when leaders trust they do not have all the answers and honor wisdom through the experience and not simply age or title is there.

So therefore non-hierarchical team structure has to be established. Create the terms that break social order to reinforce collaboration. So building the capacity of others rather than cultivating dependency creates the equity and growth. Allow for creative collisions to spark innovation. So problems are solved and new ideas are honed through the critical thinking and the spirited devotee is there. So here you allow, you allow for the creative collisions to spark the innovation is there because you know that the innovation is mantra for the success and therefore this particular miracle of the innovation that has to be happened.

So establish a non-hierarchical team and costumes that break the social order to reinforce the collaboration is there and this allows for the creative collisions to spark the innovations are there. This is the case study that is the Aquarius advertising agency and it is this is about the middle firm that offered two basic services to its clients and here a large number of direct communications occur between the agent specialist and then you can understand that what type of this conflict or the issues will be raised and interpreted and defended agency policy that institutes certain course of action is there. So each department was organized hierarchy with a director, an assistant director and several levels of authority. Now these agencies having idea to, he has to sell the ideas to the client and with the first to get the approval things should ensure change around here is there. This particular case study will be also help you to understand that is how to make these organizational structure so there better communication is there.

This is the research paper. The effect of competitive strategies and the organizational structure on hotel performance is there. So the purpose of this paper is to investigate the influence of the competitive strategies and organizational structure on hotel performance and explore the organizational structure has a modulating effect on the relationship between the competitive strategies and the hotel performance is there. So many times whenever you come across problems you find out that there is a particular solution in this paper it is the organizational structure is the solution or the mediating between the competitive strategies and the hotel performance is there. So these are these this is the research paper which you can refer and this provides the evidence of how competitive HR and IT strategies help to explain hotel performance whereas a brand image strategy and organizational structures are not good explanatory factors to disregard is there. This is the book designing the matrix organizations that actually work and here are the examples of these IBM, Procter & Gamble and other decision for these success that envy is given.

Now the design matrix organization that here it is providing that is when you are working into multiple countries and serve many customer segments then definitely you

need to have a matrix structure you cannot avoid it and the question most asking is how do we learn how to operate the matrix efficiently is there and by the example of these case studies given in this particular book you will find out that is how you can go for the matrix organization structure is there. These are the references which you can refer about the organizational structures there are the certain research papers also there are the certain you will find adopted the books references and the research paper references are there. With the help of these references you can study more and you can find out whether the functional organizational structure, geographical organizational structure, divisional organizational structures are the matrix of all these three which will be one will be the better for you. On the basis of this particular understanding please refer to the strengths and weaknesses of each structure and as suggested on the basis of the need of the achieve the organizational goals you design your own structure. Thank you. Thank you.