Designing Work Organization
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Lecture-11
Dimension of Organization Structure-3

In the previous sessions, we have talked about the different organizational structure. For example, the functional, divisional, geographical and then we have talked about the different dimensions of organizational structures. In this particular dimensions, we will talk about the re-engineering the horizontal structures, virtual network and outsourcing, how the virtual network structure works, hybrid structure, application of the structural design, symptoms of structural deficiency, design essentials and as usual we will talk about the research papers, book recommendations and references. Now, whenever we are talking about the re-engineering the horizontal structure, it is an another approach is the horizontal structure which organizes the employees around core processes, organizations typically shift towards a horizontal structure during a procedure called the re-engineering is there. So, if an already organization is having an horizontal structure and when we talk about the re-engineering, so they will make it is as per the need based shifting of these reportings and the interpersonal changes of these employees. So, re-engineering or the business process, re-engineering basically means the redesign.

So, when we are redesigning the horizontal structure or a vertical organization along its horizontal structure workflow, then processes, then we will say it is a re-engineering of the horizontal structure is there because now we are redesigning that particular structure which was it may be because of the economic recession, it may be because of the change of technology, it may be because of the minimizing the manual work or the manpower. So, on basis of this the re-engineering will be done. A process refers to an organized group of the related tasks and activities that work together and here we have to understand that particular task and activities which are working together. Now, I have discussed this task and activities when first I talked about the what is an organization structure   is   there.

So, every employee in an organization has to perform certain tasks and activities and on that particular position when he is doing that particular task and activities and we go for the re-engineering, it will be there to transform inputs into outputs that create value for the customers is there. So, here we can change the inputs, we can change the output also. So, naturally in this case we will find it is a process which is giving this particular re-engineering structure. Now this re-engineering horizontal structure is a process involves

the envision new process, initiate the change, process diagnosis, process redesigning, reconstruction and the process monitoring is there. So, the horizontal structure virtually eliminates both the vertical hierarchy and the old departmental boundaries are there.

Whatever was the earlier structure was there and that structure that will be changing and that will be coming towards the vertical hierarchy is there. These technological processes that emphasizes the computer and the internet based integration and the coordination is there. So therefore, as I mentioned earlier that is when you are using the technology. So this technology progress will making you more and more jobs nowadays when we are talking about the industry 4.

0. So we are talking about the use of the artificial intelligence and then in that case if the AI is there, machine learning is there. So the jobs, the tasks and activities of the job will change and the number of positions even will change. So naturally when you are changing the positions, when you are changing the task, when you are changing the activities, then definitely in that case it will be the change, change of that particular structure because the number of persons are changing or their task and activities are changing. Similarly, when the customer expectations that is the faster and better service is there, then again you are going for the use of the technology. So naturally the employees, those who are working in the organizations want the opportunities to use their minds, learn new skills and assume greater responsibility.

So unless and until they will not be given the greater responsibilities, and because the employees they are looking for more opportunities at the workplace. Thus numerous organizations have experimented with horizontal mechanisms such as the cross-functional teams to achieve coordination across the departments or the task force to accomplish the temporary projects are there. So horizontal structure will be successful only when such mechanism of the cross-functional team will be working. Increasingly organizations are shifting away from the hierarchy care function-based structure to structure based on the horizontal processes are there. So vertical structures are creating more hierarchy and now we are going towards the horizontal structure.

So these function-based structures to structures based on the horizontal processes that will be more and more encouraged will be there. Now here we see the sample of horizontal structure. So top management team is there and there is a process owner team 1, team 2, team 3 like in the IT industries we find that is project teams are created and different project teams, they are working together and they are making the process work. Market analysis is there, there is a research, then the product planning and the testing will be there. So here the customer who is making a particular demand for that particular demand this new product development process that will be functioning.

So here process owners will be having another aspect of procurement and logistic processes and therefore in that case it is the analysis, purchasing, material flow is there, distribution and the customer is there. Now in both the structures, horizontal structures you will find there is a common is the team 1, 2 and 3 is there. But as per the task and activities because the jobs are different you will find it is different. So the new product development process will be having the market analysis, research, product planning and the testing will be done. While the procurement and logistic process is there, so it will be analysis and then the purchasing, material flow, distribution and the customer is there.

So therefore here you will find that is team 1, team 2 and team 3 will be created. Characteristics of the horizontal structure, structure is created around cross functional code processes rather than the task and functions are geographic is there. Thus the boundaries between the departments are the obliterated. So therefore here you will find that is the structure which you want to change and you want to make the more effective horizontal structure that should be self-directed team and not individuals. They are the basis of the organizational design and the performance is there because this is a requirement   by   the   organizational   design   is   there.

So process owners have responsibility for each core process in its entirely, right. Therefore in that case all these core processes will be totally decided by these the designing of the organizational structure. The people on the team are given the skills, tools, motivation, and authority to make the decisions central to the team's performance is there. Teams have the freedom to think creatively and respond flexibly to new challenges that arise. So it is the responsibility of the team members basically.

In the previous structure we have found team 1, team 2, team 3 is there. So team effectiveness, right that will also depend on the team structure and this team structure that those teams which are having the freedom to think creatively and respond flexibly to new challenges then that particular team will arise. Customers drive the horizontal cooperation. Effectiveness is measured by end of process performance objectives are there. So based on the goal of bringing value to the customer as well as customer satisfaction,   employee satisfaction and financial contribution will be there.

So the culture is one of openness, trust, and collaboration focused on continuous improvement is there. And here we will find it is the, it is becoming the more and more the continuous improvement which is making the effective to the employees also and then in that case the culture will give employee empowerment, responsibility and well-being. So employees are getting more and more power because you are giving that particular structure and in this structure you are making them clear the task and activities

and collaboration is there among the different members. So as a result of which you will find that is the teams are more empowered. When teams or the employees are more empowered definitely they will raise in their performance and there because they will understand their responsibility and they will be happy.

So therefore in that case when we go by the redesigning the structures or re-engineering of the horizontal structures, so what we do, we promote flexibility and the rapid response to changes in the customer needs are there. If your organization structure is having that particular response, fast response time then definitely in that case you will make the changes as per the customer needs are there. And when you are making the changes as the customer needs you will find that is you are able to get the positive results. So this directs the attention of the everyone towards the production and delivery of value to the customer. Ultimately where is the focus? Focus is the selling and in the selling when you are giving attention towards the production and delivery then naturally it will create the value addition to the customer is there.

So value added customer you create. Each employee has a broader view of organizational goals are there. So whatever the organizational goals are there, so you will be having the wider view and it improves the quality of life for employees for offering them the opportunity to share responsibility and make decisions and be accountable for the outcomes are there. So therefore in that case you will find that is the as you are making the changes into horizontal structures you find more and more employees they come to look for the opportunities and they share their responsibility. This is a strength part but there is a other side also and that is the weakness is there.

So determining the core process is a difficult and the time consuming is there. So requires the changes in culture, job, design management and philosophy is there. So this particular system which you are making the reengineering then definitely you have to understand that is it is not only the people who are reengineered but it is a job redesigning is also done. And now the employees who are working on this particular job they will find the difficulty for the performances there. Traditional manager may bark when they come to the give a power and authority.

So they will not go for this particular horizontal structure because they will find that is it is better to do done by the others are there. Requires a significant training of the employees to work effectively in a horizontal team environment is there. So these particular significant training of these employees will work whenever you are creating that horizontal team so all are equal. So therefore in that case you are removing the power distance and work culture you are creating at the workplace in the organization. Can limit in depth skill development is there and therefore in that case it will be possible

that is you are limiting the strength of the in depth skill development so that these reengineering does not affect negatively.

So virtual networks in the outsourcing is there. So most widespread design trend in recent years has been the outsourcing of the various parts of the organization to outside partners. Outsourcing means to contract over certain tasks or functions such as the manufacturing, human resource or credit process to other companies. All sorts of organizations are jumping on the outsourcing the bandwagon. So therefore advantages are the cost analysis because avoiding government regulations are there and improved management of the outsource of the functions are available.

While disadvantage is this that is it requires a constant oversight. So whatever the competition is going on you will be ignored for that particular purpose until you are the project is not getting completed and the security risk is there. So the security risk and the negative public relations that will be the weaknesses or the disadvantages of the outsourcing of the business is there because the when you are giving your task to the others then you are taking the security risk is there. And not only that it is a negative public relations output will be also there which will not be ready to accept. Virtual network and outsourcing is there.

A few organizations carry outsourcing to the extreme to create a virtual network structure with a virtual network structure sometimes called a modular structure. The firm subcontracts most of its major functions or processes to separate companies and coordinates their activities from a small headquarter organization is there. So core focuses on product development and marketing is marketing plan, then the manufacturing companies research and testing links are labs are there and the information technology services are there. So therefore in that case you will find that is this core focus on product development and marketing that is becoming more and more demanding and here the people are going towards the more applications of the artificial inclusions is there. So with a virtual network structures whatever you call the modular structure is there, subordinates they are not that much involved as compared to earlier.

You were involving them for the initiative task, you were involving them for the philosophy of the organizations and all. But because of this virtual networking then they need not to have the much interaction and as a result of which their activities from a small headquarter organization is there. Small headquarter organization will specifically focus on this particular issues. How does the virtual network structure work? The virtual network organization may be viewed as a central hub surrounded by a network of outside specialist. So, with a network structure rather than being housed under the one roof or located within one organization, services such as accounting, design,

manufacturing, marketing and distribution are outsourced to separate companies or the individuals   that   are   connected   electronically   to   the   central   offices.

Organizational partners located in different parts of the world may use the network computers or the internet to exchange data and information. So rapidly and smoothly that a loosely connected network of the suppliers, manufacturing and distributors can look and act like one seamless company is there. So this how it works? The virtual network works with the from the incorporates a free market style to replace the traditional vertical hierarchy. So therefore, you are making direct approach to your customers and there is no need to go by the traditional or vertical hierarchy is there. And subcontrators may flow into the into an output of the system is needed to meet the changing   needs   are   there.

With this network structure and the hub maintains control over processes in which it is the world class are difficult to do imitator capabilities and then transfers other activities are there. For performing this you are supposed to go for this transfer of your activities and this will be the decision making and control over them to other organizations. The idea is that, that firm can concentrate on what it does test and contract of the everything while else to the companies with a distinctive competence in those specific areas enabling the organization to do more with the less is there. So therefore, here you will find that is the this firm, it is doing the best of everything and it is the companies which is having the distinct competence in those specific areas and as a result of which this virtual network is working. But as we have seen the reengineering of the horizontal work is also having   the   strengths   and   weaknesses.

Now, we will see the strength and weaknesses of the virtual network system. So, enables even small organizations to obtain talent and resource worldwide is there. So naturally, the employees are working from home. So therefore, across the globe that is the where you will find the worldwide resources are available for you to perform. Gives a company immediate scale and each without huge investments in factories, equipment, other   distribution   facilities   are   there.

So enables the organization to be highly flexible and responsive to changing the needs are there and this reduces administrative overhead cost is concerned and as a result of which these the organizations which are highly flexible, they are making the changes as per the need based and therefore, their administrative overhead cost is going to be down. Employees are there, managers do not have the hands on control over many activities and employees because when you are a physical supervisor, then definitely you are supervising physically but when you are becoming the virtual supervisor, so the managers they will not be able to control the many activities and the employees are there

what they are performing. It requires a great deal of time to manage relationships and potential conflict with the contract partners are there. So with whoever these partner contracts are there, then they will be having that this particular situation there is a risk of organizational failure if a partner fails to deliver or goes out of the business is there. So therefore, employees loyalty and corporate culture might be weak because of the employees   feel that they can be replaced by the contract services are there.

So therefore, the commitment and loyalty for belongingness of that organization that may not occur. So what is the solution? The solution is the hybrid structure. Most companies they combine characteristics of the functional, division, geographical, horizontal or the network structure to take advantage of the strength of the various structure and avoid some of their weaknesses. Hybrid structure tends to be the used in the rapidly changing environments because they offer the organization greater flexibility. One type of the hybrid that is often used is to combine the characters of the functional and divisional structures when a corporate grows large and has several products are in the market, it typically it organizes into self-contained divisions of some type.

Functions that are important to the each product or matter or they have been decentralized to the well-contained units are there. This is the example of the hybrid structure and here you find that is the president is there who is controlling the chief the consul, then the human resource director, then the   technology vice president and financial service vice president is there. While these product services which have been taken care by this president for the here the feeds vice president, the lubricant vice presidents and the chemical vice president is there. So this structure that is the pre-crafture is there and then in that case this is the example of the same patriarchal products are there. Now when we see the four customer service divisions, then in that case we will find   finance,   mercury,   air   and   the   market   resources   are   there.

Director and the processes owner they do they create the teams are there. So number of teams are there, one team will be into the leading and rest of the teams will be following. So here director and the process owner teams vehicle service is there, power supply is there and technical support group is there. So these all are becoming more and more the functional scheme working is there. Such petroleum products corporation recognized to a hybrid structure and to be the more responsive   to changing markets are there.

So this some petroleum products corporation, they have adopted this particular hybrid structure to replace the traditional structure. The hybrid organization structure adopted by the SPPC three major product division,   fuel, lubricants and the chemicals were created and each serving a different market and requiring a different strategy and the management style. Each product line vice president is now in the charge of the all

functions for their product such as the marketing, planning, supply and distribution and the manufacturing is there. However, activities such as human resource is there, legal is there, technology and finance is there or centralizes the functional departments at headquarters in order to achieve the economies of the scale. Each of these departments provide services for the entire organizations is there.

This is a case study as an example is given that is a food customer service division is there and a second hybrid approach that is increasingly used today is to combine characteristics of functional, divisional and horizontal structure is there. For example, ford motor companies customer service division, a global operation made up of the 12,000 employees serving nearly 15,000 dealers provides an example of this type of hybrid. They decided that the horizontal model offered the best chance to gain a faster more efficient, integrated approach to customer service is there. In a huge organization such as the ford, managers may use a variety of structural characteristics to meet the needs of the total organization. Like many large organizations, for example, a ford also outsource some of its activities to other firms.

A hybrid structure is often preferred over the purely functional, divisional and the horizontal or the virtual network structure is there because it can provide some of the advantages of each and overcome some of the disadvantages are there. Structures to organizations' need for efficiency versus learning is there. It shows a simplified continuum that illustrates them how structural approaches are associated with vertical control versus horizontal coordination is there. So, this will be the government will be taking care of this type of the issues in the many private and the public sector organizations also. So, the vertical is the control, efficiency, stability and reliability, while the horizontal is the coordination, learning, innovation and the flexibility is there and this downward structural approach is there where here you will find that is the organization's functional performance with the cross-functional, divisional, matrix and horizontal they will create an overall performance is there.

The functional structure is appropriate when the organization needs to be coordinated through the vertical hierarchy and when efficiency is important for meeting the organizational goals. The functional structure uses task specialization and a strict chain of command to gain efficient use of scarce resources, but it does not enable the organization to the flexible or innovative. At the opposite end of the scale, the horizontal structure is appropriate when the organizations has a tight field for the coordination among these functions to achieve innovation and the promote learning. The horizontal structure enables organizations to different themselves and making the respond quickly to change, but at the expenses of the efficient resources are there. These application of the structural design the virtual network structure offers even greater flexibility and

potential for the rapid response to allowing the organization to add or subtract pieces are needed to adopt and meet changing needs of the environment and the marketplace is there.

And because the nature of organization is flexible and it is flexibility is there, so it keeps on changing easily. Each type of structure is applied in different situation and meets different needs in describing the various structures are there. On form of the structural functional divisional matrix, horizontal or the network hybrid represents a tool and that can help managers make an organization more effective depending on the the demands of its situation or by the customers are there. This is the application of the structural design. So structural alignment the most important decision that managers make about structural design is to find the right balance between the vertical control and the horizontal coordination is there and this is depending on the needs of the organization   is   there.

Vertical control is associated with the goals of efficiency and stability while horizontal coordination is association with learning, innovation and flexibility is there. So systems of the structural deficiency will be there. As a general rule when the organizational structure is out of alignment with the organizational needs one or more of the following symptoms can be seen. Decision-making is delayed or lacking in quality is there because the decision-makers may be overloaded because of the hierarchy funnels too many problems and decisions are kept pending for them. Another cause of poor quality decisions is that that information may not reach to the correct people.

Information linkages is either the vertical or horizontal directions may be inadequate to ensure the decision quality. The organization does not respond innovatively to a changing environment and one reason for this is the lack of the innovation is that departments are not coordinated horizontally. So what is required? So employee performance declines and goals are not being met. So therefore a corrective action is required and if too much conflict is there then it definitely it will be very difficult to solve the problem. So organization structure should allow the conflicting departmental goals to combine into a single set of goals for the entire organization.

Even about a departments act at cross purpose or are under pressure to achieve the departmental goals at the expense of the organizational goals the structure is often at fault is there. So I can conclude the matrix structure attempts to achieve an equal balance between the vertical and horizontal dimensions of the structure. Most organizations do not exist in these pure forms using instead hybrid structures that incorporate characteristics of the two or more types of the structures are there. The importance of the structural misalignment including the delayed decision-making, lack of innovation, poor

employee performance and the excessive conflict is there. The organization chart provides   the   structure   but   employees   provide   the   behavior.

  So the chart is a guideline to ensure the people to work together but the management must implement the structure and carry it out. This is a research paper on organizational structure features supporting knowledge management process   you can refer this particular structure and in this particular organization structure features this paper talks about that is the result showed that these companies adopt flexible increasingly flat organization forms with the fewer organizational levels. So you can go to adopt the horizontal structure but what is important is this that is you are going to adopt that particular the structure that will be making you more productive also in addition to the your culture of making the flexible and the productive. So here this is a research papers contribution and this business practice is there. This is the book organizational design step by step approach is there and here you will find that what we have talked about that is horizontal structure converted into the vertical structure that part you will see here.

  These are the references which you can refer for your further studies and you can find that is whenever we are talking about organizational structures and designing of the organizational structures then which method or process that will be more suitable for you to implement those particular changes. Thank you. Thank you.