Designing Work Organization
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Lecture-8
Understanding Organizational Structure

In this particular session of this the understanding of the organizational structure, we will be talking about the organization structure. We will talk about that is the how the what is the organization structure is and there are three key components define the organization structures are there. Information serves that is the sharing perspective on the structures, the relationship of organization design to efficiency versus the learning outcomes, vertical information sharing, horizontal information sharing, and as usual the case study research papers, book recommendations and the references will be there. Now here whenever we are talking about the organization structure, so it is a system that the outlines the how certain activities are the directed in order to achieve the goals of an organization. So, therefore, in that case that is the every organization is the group of activities and every activity is to be performed in a particular manner. So, there that is why these are directed in the structure.

So, we can achieve the goals of that organization and these activities can include the rules, roles, and responsibilities also. It also determines how information flows inside the company between the different levels are there. So, therefore, in that case here like you will find one organization structure is shown and it is talking about that is the CEO is at the top, then the chief operating officer is there, chief financial officer is there and then there are the different departments are there under these CFO and CO is there. So, these all aspects of these the business activities and that will be controlled by the one authority that will be supported by the different authorities and like this the organization structure will be designed.

The Mintzberg in 1972, defined the organization structure as the framework of the relations on the jobs, systems, operating processes, people, and groups making efforts to achieve the goals are there. The organizational structure is a set of the methods dividing the task to determine the duties and the coordination of them is there. So, according to Mintzberg, then whenever we are talking about that is the what are the different activities are there which are to be performed by the organization and this structure will be concerned with the jobs, systems, operating processes and the people and groups are making that efforts to achieve the goals are there. So, R.

W. Griffin has defined the organization structure are the sets of construction elements that may be used in shaping the elements are there and therefore, in that case, it is giving the overall performing activities structure towards the organization. D. L. Nelson has given the linking of departments and the jobs within an organization is there that is how the different departments which are working in an organization they are connected to each other and how they are working with this particular aspect of this learning is there and the performance of the activities are there by the one department to the another department or the one section to the another section is concerned with what relationship is existing in these departments. The key components of the organization structures are the formal reporting relationships, grouping of individuals and design of systems are there and these foundation reporting relationships is the number of levels in the hierarchy and the span of control and managers and supervisors are there.

If you remember I have talked about the span of control is there that is with the one supervisor how many subordinates are to be there and then in that case also the number of the hierarchy is there that is whether it is a vertical structure that is the horizontal structure then how many levels are to be there. Then the grouping of individuals are there that is the creation of departments are there and according to the grouping of individuals, the different departments will be created and designing of the system will be there. So, effective communication, coordination and integration of the efforts that have been ensured with the help of the organization structures are there. Now, all these aspects where the formal reporting relationship, grouping of individuals and design of systems these three elements pertain to the both vertical and the horizontal aspects of the organizing is there. The first two elements are the structural framework which is a vertical hierarchy and the third element pertains to the pattern of the interactions among the organizational employees are there.

So, whenever we are talking about this is the vertical structure is there that is the more levels are there in this case in the vertical structure while when we are talking about the horizontal structures and then in the horizontal structures all these aspects that has been taken into care of. So, therefore, these first two forming the formal reporting relationships, grouping of individuals that is more pertaining towards these the vertical organization is there. When we are talking about the horizontal organizations and then the third one that is a design of systems. So, the design of system is a more concern with these the horizontal organization structure is concerned and ideal structure encourages employees to provide the horizontal information and communication when and where it is needed is there. So, therefore, in that case this particular process of the communication between these horizontal and that is smooth.

So, whenever you are going for this type of the structures horizontal structures, then this

will be creating the more efficiencies as compared to that is the whatever these structures have been created into the horizontal because of the smooth flow of communication and the information coordination that will be very much smooth. So, here a simple organization structure is a virtual representation of a whole set of organizations and how they identifying the activities and processes in an organization is concerned. The concept of an organization chart has been around the four centuries, it shows that propositions exist, how they are grouped and who reports to whom and that is a job and responsibility and the reporting system is there. The use of the organization chart for the business that stems from the industrial revolution is concerned and the organization chart can be quite useful in understanding how a company works and therefore, in that case it will be always better that is an organization structure and it is becoming the more and more the explanatory and the comfortable to the employees are concerned. Now here is this organization structure, here is a CEO and then the vice president finance is there and then the vice president manufacturing and the director human resources are there.

   Now with the vice president finance you will find the chief accountant is there and budget analyst that is the finance department is there and this will be the positions as an example vice president manufacturing will be there. So, there will be the plant superintendent and maintenance superintendent will be there whenever we are talking about the director   human resource. Therefore, the HRD department or the LND department learning and development department that is a training specialist is there and the rewards and compensation and that is about the benefits of the administrator will be there. So, this organizations chart it talks about that is the how CEO will be getting the reported by the vice president finance, vice president manufacturing and the director human resource and then this chief accountant and budget analyst they will report to the vice president   finance, vice president plant superintendent and maintenance superintendent reporting and   according the LND department and the benefit administrators they will be reporting to the director and the actor will be reporting to the CEO is concerned. The organization should be designed to provide both vertical and horizontal information flow as necessary to accomplish the organizations overall goals are there.

 However, there is an inherent tension between the vertical and horizontal mechanisms in an organization is concerned. The vertical and horizontal information flow traditional organization designed and for control is there and the centralized authority focused on the top level decision making is there while the flexible learning organization which emphasizes the communication and the collaboration is there and the decentralized authority and there is a focus on the shared task and the decisions are there. Now here you see there is a traditional practice of the organization structure was centralization. So what is happening the whole power and authority and that was remaining with the one

person is there and the top level were supposed to take the decision and middle and low level is supposed to follow the decisions or implementation of those decisions are there. But when we are talking now about flexible working organizations learning organization and they emphasize on the more and more on the communication and collaboration among the employees and departments is concerned.

So decentralized authority focuses on the shared task and decisions are there. So there will be the free flow of communication there will not be any barrier. So status barrier will not be there power distancing will not be there. So these type of weaknesses will not be there whenever we are talking about the horizontal and the flexible learning organization structures are concerned. Now these relationship between the vertical and horizontal organization structures that I would like to mention about the vertical structure normally these then why it was preferred.

So it was decided the vertical structure was decided on certain parameters. The first parameter is the specialized task whenever you are having a particular task which is to be performed and for example, it is the production and manufacturing is there or it is the HR is there or it is the finance is there marketing is there. So therefore, a specialized task is to be there. So the task right from top to bottom will be performed by a particular set of people and therefore, that has been found more useful because there is a free flow from the communication from the bottom to top is there. But because of the number of levels are more it has been observed that is it was supposed to be the free flow but it is not because it is getting the diverted or distorted at the in between the levels are there.

Then strict hierarchy and many rules were there. So that was the time where the it was assumed that is the most strict you will be there at the workplace better will be the productivity will be there right and as a result of which this vertical structure that is created more supervisors, then the vertical communication and reporting system is there. So one level to another level and there are the five levels four levels are there. So then as a result of which the chances of distortion of communication that was more and more. So there was no smooth culture, no smooth functioning.

So therefore, as a result of its centralized decision making was there and the people were not supposed to take decision they were waiting for the decisions and if you are waiting for the decisions in case of the urgency, emergency or you think that is you can take a better decision but if the persons are not ready authorized to give the decision then definitely   in that case this vertical structure that will create the more and more limitations for the performance are concerned. But when we talk about the solution of these barriers or limitations with the supporting by the horizontal structure is there. So shared task and empowerment is there, relaxed hierarchy and the few rules are there. So

therefore, it is not the framework within which your canvas is enlarged. The horizontal communication and face to face communication is possible.

Many teams and task forces are there and therefore, you find like the project teams are there. Whenever there are the project teams then definitely in that case you will have these type of these aspects that is about how you can convert these the project teams in a horizontal way in equal level and as a result of which your project flow that has become very faster. So you create the many teams example was given of the project teams and the task forces then the decentralized decision making was there while in the case of this the organization structure vertical organization structure where the centralized was there power was centralized while in the horizontal structure the power is decentralized. And if we are having that barrier of this communication that will be most probably will be the covered by this horizontal organization structure is concerned. Now, these learning outcomes organization designs to the effective versus learning outcomes are there.

So, therefore, in that case, the efficiency the figure compares organization design for efficiency with those designed for the learning and adaptation is there. So basically what is the purpose? The purpose of any organization is to create the more and more output or the productivities are concerned and whenever you are having those productivity or output are there then in that case you have to design the learning and adaptations. An emphasis on efficiency and control are associated with the specialized task. A hierarchy of authority, rules, regulations, a formal reporting system, few teams are the task forces and the centralized decision making is there. So, therefore, in that case, it will be very, very important that is you have certain the authority rules and regulations are following and emphasize on learning and adaptation is associated with the shared task, a relaxed hierarchy.

So, few rules, face-to-face communication, many teams and task forces, and informal decentralized decision making that will become becoming the more and more organization effectiveness is there. Organizational effectiveness for sustained performance and health. So, in the previous session, I have talked about the OE that is organizational effectiveness and whenever we are talking about the organization's health and organization effectiveness, so it is in a continuous state of flux driven by a series of the seemingly endless organizational redesigns are there. So they must confront the brutal reality that in as the pace of the business accelerates by the time one redesign is finally completed it is time to start the other one is there. So therefore, in the case as the organization grow and the time is changing, so therefore you are supposed to know that is with you have to redesign your organization.

Like I give the example of Jake Welsh G which is the best example for the organization

structure redesigning and that is the finally the complete is a it is a time to start the another one he realized and then he has changed from the vertical to the horizontal organizations. So, to get out these reorganization treadmill and change the performance trajectory, organization should move away from the episodic cure all transformations to building the ongoing organization effectiveness capabilities and through the creation of an organization effectiveness office is there. So therefore, OEO, so there organizational effectiveness office that we will be talking about and how you can create these organization structure will become the more and more helpful in creating the organizational effectiveness is there. How can an organization effectiveness office help deliver to the value of a reorganization is there? So, deciding how to manage and implement a redesign is among the biggest decisions a leader can make to influence a successful implementation and value capture is there. To that end, we offer the five keys to building a successful organizational effectiveness office that is the OEO is there.

Clear decision rights are there, strong leadership commitment is there, strategy first is there, then the business unit involvement is there and the holistic approach is there. So therefore, in that case, organizational effectiveness that will be creating these, what type of these decisions are there, so there has to be the very clear decisions. Whenever you are having these clear decisions and the strong leadership commitment is there, then definitely in that case you will find that is you can make that whatever the goals, organizational goals are there, those goals will be achieved because there is a strong leadership commitment is there. Then the strategy first is there. Now, in that case, we will find that is the what are the strategies are there and those strategies are prioritized by the organizations are there.

So, this can be the production strategy, this can be the HR strategy, this can be the marketing strategies and every organization will decide about it is a which strategy is to be followed and by whom and when is concerned. So, a business unit environment is very necessary. Whenever you are talking about the organizational effectiveness, so therefore, in that case, these business unit involvement is very much. So holistic approach is to be there and here you will find it is whenever we are talking about these holistic approach that include the all resources, men machine material, money method and minutes are there, then definitely your organizational effectiveness is going to be very high. So, here the vertical information sharing is there.

So vertical linkages coordinate activities between the top and the bottom of the organization and are designed primarily for the control of the organization is concerned. So organizations may use a variety of structural devices to achieve vertical linkages such as the hierarchical reference, rules, plans, and formal management information system, and therefore, in that case, you will create the more and more structural devices and

those devices structural devices that will help you to develop the organizational effectiveness is there. So, one is these structural devices is the hierarchy reference are there. The vertical lines that identify the chain of command of a problem arise when employees do not know how to solve, it can be referred up to the next level in the hierarchy is concerned. So hierarchy reference will be there and this hierarchy reference will create these command of a platform where the employees they know that is how it is to be solved.

Vertical information sharing is there, rules and plans create vertical links. To the extent that if the problems and decisions are these repeat a rule or procedure can be established. So, employees show how to respond without communicating directly with their manager. So therefore, it involves a standard information source coordinating employees without actually communicating is there. Formal management information system is there.

So, reports, computer systems and written information or vertical information systems are there. So, information system makes the communication up and down the hierarchy is the more efficient are there. In case of the horizontal information sharing, horizontal communication overcomes various between the departments and provides opportunities for coordination among employees to achieve the unity of efforts and the organizational objectives are there. So horizontal linkages refers to communication and coordination horizontally across the organizational departments are there. Horizontal linkages, mechanisms often are not drawn on the organization charts, but are a vital part of the organizational structure is there.

Now in this horizontal information sharing, the devices are the information systems are there which can improve the horizontal coordination and information flow. A significant method for the providing the horizontal linkage in today's organization is the use of a cross functional information system is there.   Whenever you are using the cross functional system, then definitely in that case you will be making the each will be more useful and in a better way. Some organizations also encourages employees to use the company information system to build the relationship of across the organization. Aiming to support and enhance the coordination across the projects and the geographical boundaries are there.

So, direct contract or the liaison roles are there. A higher level of the horizontal linkage is direct contract between the managers or the employees affected by a problem. One way to promote the direct contract to create a special liaison role is there. So, task forces are the another information sharing platform where the liaison roles usually link only to departments. When the linkages involve serve departments, a more complex device work as the task force is required.

It is a temporary committee with a representation from the each organizational unit is there. The full time integrators are there. So a full time integrator frequently has a title such as the product manager, then product manager. Nowadays, these are product manager and this is also getting a very good response and responsibilities and therefore, the most of the organizations now they are creating this integrator as a product manager is there and then the results are very positive. Program managers or the brand managers are there and it can be the stronger horizontal linkage devices are there.

Integrators need the excellent people skills. They have lots of responsibilities, but the little authority is there. The horizontal lines in the following figures indicate that project managers do not have formal authority over team members and they link the giving pay rise, hiring or the firing is there. So therefore, in that case you will find that is the horizontal information sharing is there. The project manager location in the structure is there. So therefore, finance department, engineering department, purchasing department and the marketing department, this is example which has been given.

So financial accountant, budget analyst, management accountant is there on this particular vertical is there. Whenever we are talking about the engineering department, product designer, drafts person, electrical designer and all are there. Purchasing departments you know that is a project manager, buyer and they are there and in the marketing department, market researchers, advertising specialist and market planners are there. While in the structure in the case of the project manager, new product A, new product B and new product C. So this can be also designed on the basis of the whatever the project you are having.

If you plan to make these different projects managers, then you can go for the ABC system also. Now the project teams seem to be strongest horizontal linkages interacting mechanism. Teams are the department task forces and are often used in the conjunction with a full time integrator is there. When activities among the department requires strong coordination over a long period of time, a cross functional team is often the solution. And illustration of the how teams provide strong horizontal coordination in shown in the, we will discuss in the next slide.

It is an example of the wizard software company and it uses teams to coordinate each product line across the research programming and marketing departments is there. And it is illustrated by the dash lines and the search board is there. Now this is a wizard software company which are using the teams for the horizontal coordination is there. Now this is a social media product team, and this is a security product team is there. The social media team that is a sales manager, chief programmer, social media basic research

supervisor and the applications and testing supervisor is there.

So this is integrating with the marketing, programming and the research is there. Here in this structure, these are used for the horizontal coordination for the wizard software company. So security product team is there which is making the security product sales, security products and then the international managers and advertising managers are there. While in the case of the programming vice president, security product team programming and the customer service manager is there. In the case of the research vice president, it is a procurement supervisor which is making the differences there.

Now this is a case study that is a Ford's global strategy, and in this Ford under the leadership of the Henry Ford company was centralized. But with the intent of making the Ford an integrated global enterprise, Ford's chairman Donald Peterson decided to make the cars' components in the technical centers with the best expertise in a particular field anywhere in the world is there. This reduced the chilling cost and saved a lot of money. For example, Ford of Europe in England was the center for developing the platform for the new model that will replace the European Sierra and the American Tivon and the Topaz is there. Ford would sell these new cars in Europe and the United States.

Moreover, in Japan Mazda which has much car experience building small cars will be the center for developing the platform in the replacement car for the Ford Escort is there. Similarly, the North American center of excellence focused on the mid-sized cars. Similar manufacturing centers had been planned for the major components like the transmission and energies. The companies in various regions also were responsible for the exterior and interior of the styling of the cars are there. Now the concept of the center for excellence for cars by the Ford seems promising.

But once it got a setback when the American car Escort shared only a single part from their European counterpart. The centralized manufacturing got failed in this particular case. So, you can now easily answer by understanding the concept that is why does Ford think that the concept of having the centers of excellence located in various parts of the world will be the correct organizational structure for the 21st century. What do you think of the Ford's overall decentralization which centralized authority for the development of the specific cars and components at its technical centers? So, you think that decentralization is good. This is the research paper, the title is an information processing author by the Jay R.

Galbraith is there and this information process model describes that is the greater the uncertainty of the task and the higher the amount of information that has to be processed between the decision makers during the task implementation is there. The completion of

the global task required by the integration of the sub task. So the execution of the task requires to communicate with the either interdependent other task performances there. In this paper, the actually the coordination activities across a large number of interdependent roles is necessary. Hence, a complementary organizational design is necessary for smooth information processing.

   The organization must adopt integrating the mechanisms to improve the information processing capabilities. In the coordination by rules or programs, hierarchy, coordination by targets or the goals are concerns. Organization design strategies are creation and that is about that is the how you can create these particular aspects that is the self-contained task is there, select resources are there and therefore, in that case organization have to plan the design for the investment in the vertical information systems and the creation of the lateral relationship is there. The paper also talks about whether the information processing within the organization structures does not always arise spontaneously and certain barriers like the language, physical barriers and the cultural differences arise and can lead to the uncertainty. The lateral processes are evolves with the increase in uncertainty and this process are the direct contract, liaison roles, task forces, teams, integrating roles, managerial linking roles and the matrix organizations are there.

   This is the book of the organization structure and that theory and design analysis and perception by Helmy H. Baligh is there and this book is talking about that is how to organize people to achieve a desired outcome. This is accomplished by establishing a set of rules from the real-world organization context. Moreover, the development of these rules within real-world context means that the rules must be true, general operational, technical, sound, and easy to use. Within the understanding of rules and the process of their use organization structures can be identified, which in turn form the basis of a theoretical framework.

   This book discusses and examines and demonstrates the interrelationships of the design rules, their theoretical use within these organizations structures and along with their practical implications. Throughout the book, any extended example of the Masters Brewing Corporation is used to illustrate the conceptual material and to make these implications of the organizational analysis explicitly structures. These are the references that you can use for your further readings and you can find out more details about these contents and then you can get the more different understanding of the organization structures vertical versus the horizontal organization structures. Thank you. Thank you.