


Learning Goals

- Major elements of an org structure
- Organizational design process
- Common organizational forms





Organizational Structure

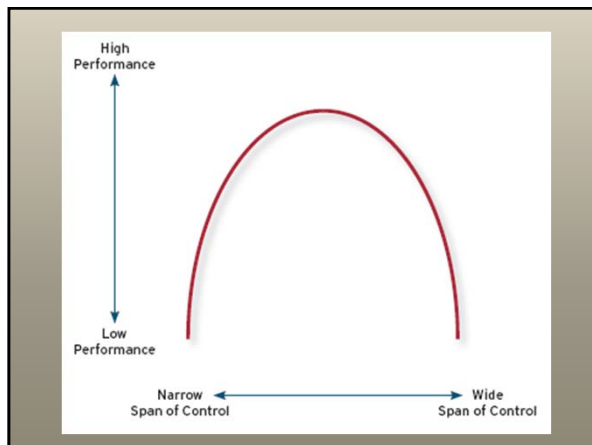
- How jobs and tasks are formally divided and coordinated between individuals and groups.
- Often represented as an organizational chart



Elements of Org. Structure



- Work specialization / division of labor
 - Degree in which tasks are divided into separate jobs.
- Chain of command
 - Formal authority relationships / "Who reports to whom?"
- Span of control
 - Number of employees the manager is responsible for.





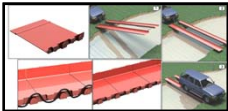

Elements of Org. Structure (cont)

- Centralization
 - Where decisions are formally made in organizations.
- Formalization
 - Rules/procedures to standardize behaviors/decisions.



Elements in Combination

- Mechanistic organizations
 - efficient, rigid, predictable, and standardized organizations that thrive in stable environments.
- Organic organizations
 - flexible, adaptive, outward-focused organizations that thrive in dynamic environments.



MECHANISTIC ORGANIZATIONS	ORGANIC ORGANIZATIONS
High degree of work specialization; employees are given a very narrow view of the tasks they are to perform.	Low degree of work specialization; employees are encouraged to take a broad view of the tasks they are to perform.
Very clear lines of authority; employees know exactly whom they report to.	Although there might be a specified chain of command, employees think more broadly in terms of where their responsibilities lie.
High levels of hierarchical control; employees are not encouraged to make decisions without their manager's consent.	Knowledge and expertise are decentralized; employees are encouraged to make their own decisions when appropriate.
Information is passed through vertical communication between an employee and his or her supervisor.	Lateral communication is encouraged, focusing on information and advice as opposed to orders.
Employees are encouraged to develop firm-specific knowledge and expertise within their area of specialization.	Employees are encouraged to develop knowledge and expertise outside of their specialization.

Organizational Design

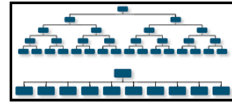
- process of creating or changing the structure of an org
- Business environment
 - customers, competitors, suppliers, distributors, & external factors.
 - Stable vs Dynamic environment
- Company strategy
 - organization's objectives/goals and how it plans to make money.
 - Low-cost product vs. Differentiation strategy
- An organization's technology
 - the method by which it transforms inputs into outputs.
- Company size
 - the total number of employees, and structure.

Common Org Forms

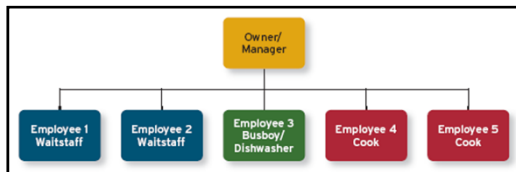
- Simple structures
 - most common form
 - often used by small organizations



- Bureaucratic structure
 - similar to the mechanistic organization

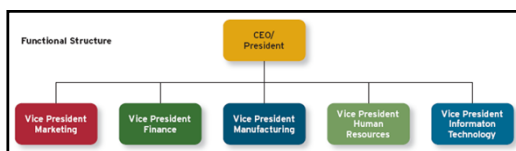


Simple Structure



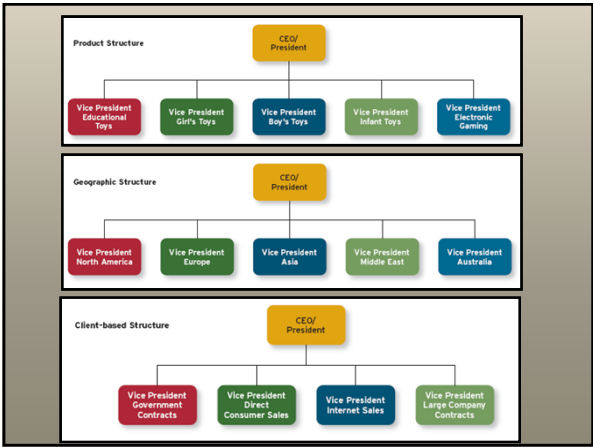
Functional structure

- Organizational form where employees are grouped by their functions.



Multi-Divisional Structures

- Product structures
 - group business units around different products
- Geographic structures
 - group business units around different locations
- Client structure
 - Group business units around serving customers



Matrix Structures

- complex form of org design
- tries to take advantage of two types of structures
- combination of functional and product structure

The diagram illustrates a Matrix Structure. At the top is the President/CEO. Below are two rows of functional managers (Vice Presidents) and two columns of product managers (Vice Presidents). The intersection of each functional and product manager forms a matrix cell, representing a specific product-function combination. This structure allows for cross-functional collaboration and expertise.

Organizational Structure

