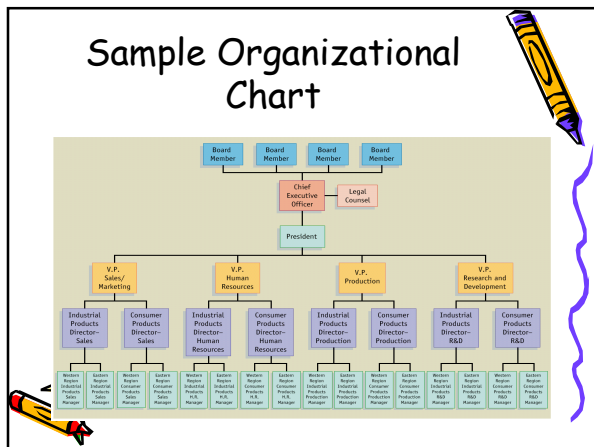


Basic Concepts

- **Organizational Structure:** The formal configuration between individuals and groups with respect to the allocation of tasks, responsibilities, and authorities within organizations.
- **Organizational Chart:** A diagram representing the connections between the various departments within an organization: a graphic representation of organizational design.



Structure Concepts

- **Hierarchy of Authority:** A configuration of the reporting relationships within organizations; that is, who reports to whom.
- **Division of Labor:** The process of dividing the many tasks performed within an organization into specialized jobs.
- **Span of Control:** The number of subordinates in an organization who are supervised by an individual manager.

Structure Concepts

- **Line Positions:** Positions in organizations in which people can make decisions related to doing its basic work.
- **Staff Positions:** Positions in organizations in which people make recommendations to others but who are not themselves involved in making decisions concerning the organization's day-to-day operations.
- **Decentralization:** The extent to which authority and decision making are spread throughout all levels of an organization rather than being reserved exclusively for top management (centralization).

Structure Concepts

- Chain of command
 - The management principle that no person should report to more than one boss
- Authority
 - The rights inherent in a managerial position to give orders and expect them to be obeyed
- Responsibility
 - An obligation to perform assigned activities
- Power
 - An individual's capacity to influence decisions

Why Have a Structure?

- All businesses have to organise what they do
- A clear structure makes it easier to see which part of the business does what
- There are many ways to structure a business (departmentalisation)



Ways to Structure a Business

- By function: arranging the business according to what each section or department does
- By product or activity: organising according to the different products made
- By area: geographical or regional structure



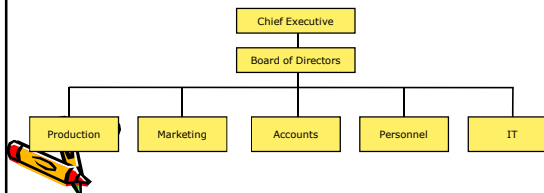
Ways to Structure a Business

- By customer: where different customer groups have different needs
- By process: where products have to go through stages as they are made



Pros and Cons of Different Structures

- This depends on the business type, size and structure used
- Let's look at a functional structure:



Functional Structure

Advantages

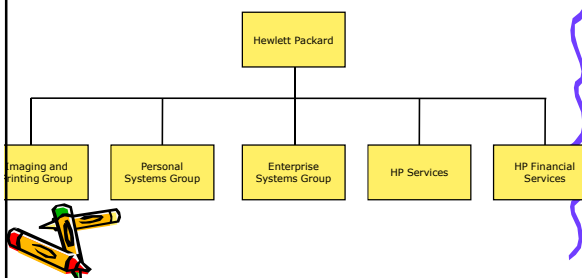
- Specialisation - each department focuses on its own work
- Accountability - someone is responsible for the section
- Clarity - know your and others' roles

Disadvantages

- Closed communication could lead to lack of focus
- Departments can become resistant to change
- Coordination may take too long
- Gap between top and bottom



An Example of Organisation by Product/Activity




Organisation by Product/Activity

Advantages

- Clear focus on market segment helps meet customers' needs
- Positive competition between divisions
- Better control as each division can act as separate profit centre

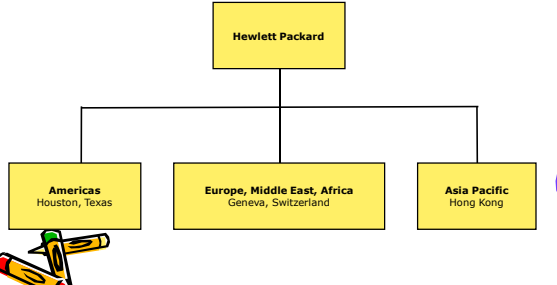
Disadvantages

- Duplication of functions (e.g. different sales force for each division)
- Negative effects of competition
- Lack of central control over each separate division




Organisation by Area

- Hewlett-Packard's Headquarters Worldwide



```

graph TD
    HP[Hewlett Packard] --> Americas[Americas  
Houston, Texas]
    HP --> EMEA[Europe, Middle East, Africa  
Geneva, Switzerland]
    HP --> APAC[Asia Pacific  
Hong Kong]
    
```



Organisation by Area

Advantages

- Serve local needs better
- Positive competition
- More effective communication between firm and local customers


Disadvantages

- Conflict between local and central management
- Duplication of resources and functions




Other Organisational Structures

- By Customer: Similar effects to structuring by product
- By Process: Similar to structuring by function



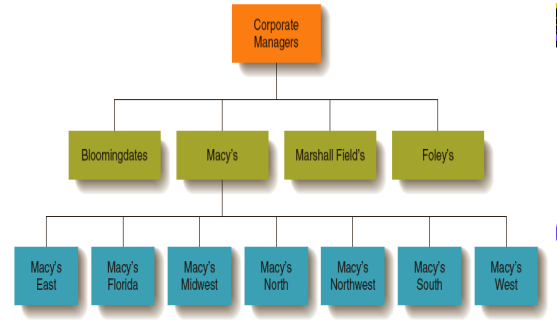
Hybrid Structures

- The structure of a large organization that has many divisions and simultaneously uses many different organizational structures




10-17

Hybrid Structure



```

graph TD
    CM[Corporate Managers] --> B[Bloomingdale's]
    CM --> M[Macy's]
    CM --> MF[Marshall Field's]
    CM --> F[Foley's]
    M --> ME[Macy's East]
    M --> MFld[Macy's Florida]
    M --> MM[Macy's Midwest]
    M --> MN[Macy's North]
    M --> MNW[Macy's Northwest]
    M --> MS[Macy's South]
    M --> MW[Macy's West]
    
```



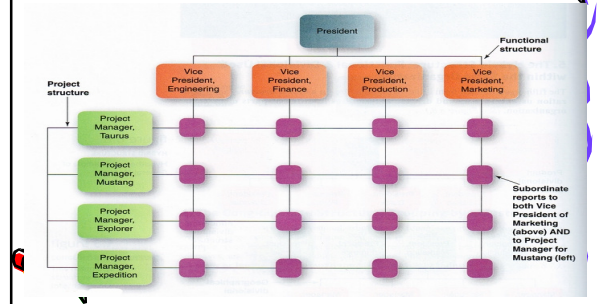
40-40

Creating Matrix Organizations

- Matrix Organization
 - An organization structure in which employees are permanently attached to one department but also simultaneously have ongoing assignments in which they report to project, customer, product, or geographic unit heads.

The Matrix Structure

- A Grid of Functional & Divisional for Two Chains of Command



Matrix Structures

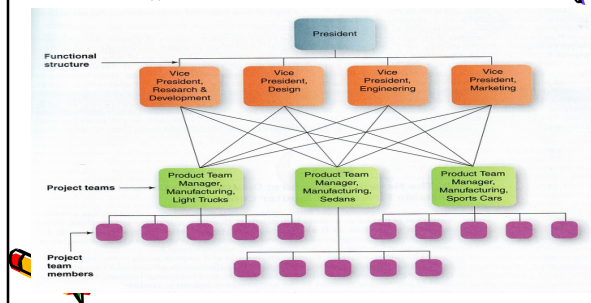
- Advantages
 - Uses resources and expertise effectively
 - Improves communication, flexibility, innovation
 - Focuses specialists on clients and products
 - Supports knowledge sharing within specialty across groups
 - Solution when two divisions have equal importance
- Disadvantages
 - Increases goal conflict and ambiguity
 - Two bosses dilutes accountability
 - More conflict, organizational politics, and stress

Team-Based Structure

- Self-directed work teams
- Teams organized around work processes
- Very flat hierarchy, few management levels
- Very little formalization
- Usually found within divisionalized structure

The Team-Based Structure

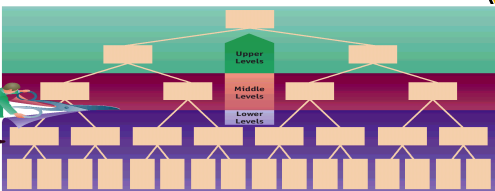
- Eliminates Functional Barriers to Solve Problems



Team-Based Structures

- Advantages
 - Responsive, flexible
 - Lower admin costs
 - More informed decisions
- Disadvantages
 - Interpersonal training costs
 - Slower during team development
 - Stress due to ambiguous roles
 - Problems with supervisor role changes
 - Duplication of resources

Modern Trends: Delaying



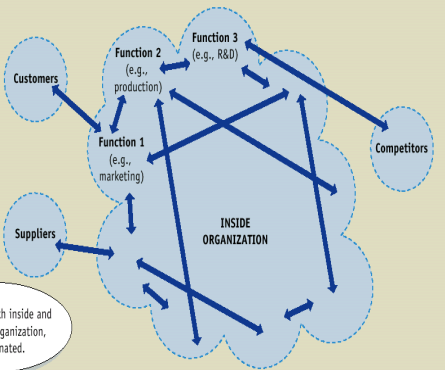
- As today's organizations restructure, the middle layers of organizational hierarchies tend to get removed.
- The result is a flatter organizational structure, which puts managers closer to the issues about which they have to make decisions.

Boundaryless Organization

- An organization in which chains of command are eliminated, spans of control are unlimited, and rigid departments give way to empowered teams.
- **Modular Organization:** An organization that surrounds itself by a network of other organizations to which it regularly outsources noncore functions.
- **Virtual Organization:** A highly flexible, temporary organization formed by a group of companies that join forces to exploit a specific opportunity.
- **Affiliate Networks:** Satellite organizations related with core companies that have helped them develop.

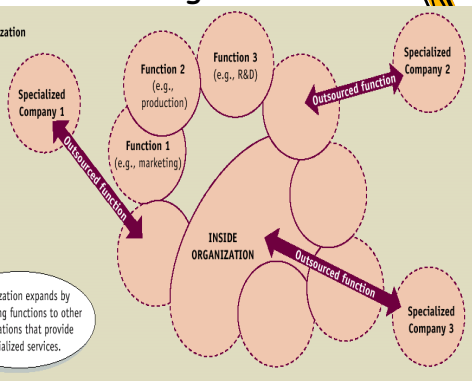
Boundaryless Organization

Boundaryless Organization
(Barrier-Free Organization)



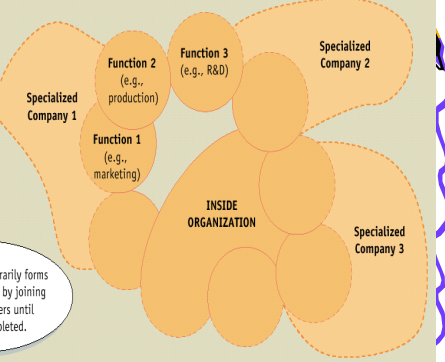
Modular Organization

Modular Organization



Virtual Organization

Virtual Organization



IT Department in the Organization

- Almost all large and medium-sized organizations have a department that is responsible for
- developing, implementing, and maintaining the information systems.

IT Department in the Organization

- This department may be called an
 - Information Systems (IS) department,
 - the management information systems (MIS) department, or
 - the information technology (IT) department.



IT Department in the Organization

- The IT organization should always be aligned with the organization's IT systems and business strategy.
- However, there are two major tasks associated with managing IT resources.
- They include deciding what IT functions and activities need to be performed and
- determining how to best organize the information systems staff to perform functions



Organization of IT Departments

- there is really no one best way to organize the IT specialists in an organization.
- Typically, however, there is an IT manager or director who reports to an executive in the organization.
- Most IT departments are organized into five functional areas:



System development

- - responsible for developing and maintaining information systems.
- Systems analysts and programmers work in this area.
- Systems analysts follow step-by-step processes to develop information systems.
- The programmers are in charge of creating software applications for the organization.



Operations

- - responsible for performing routine backups and program runs.
- Their primary concern is running the computers and related equipment needed to support the organization's information systems.
- Computer operators actually run the computers, monitor the hardware and software for problems
- Data entry operators key input data and verify that data has been correctly entered.



Technical and network support

- - responsible for installing and managing the computer and telecommunications networks used by the organization.
- It is also responsible for managing databases and data sharing.
- Database administrators serving in this function are responsible for managing the organization's databases.
- Network analysts attend to the organization's network and telecommunications hardware and software.



End-user support

- - provides technical assistance to information technology users inside and outside the organization.
- They also help set up computers and develop software for end users.
- In many cases, end-user support is provided over the telephone from a help desk staffed by computer analysts.



Emerging technology

- - responsible for identifying, developing, and selecting new technologies to support organizational goals and strategies.



Tasks Performed by IT Departments

- IT departments perform a wide variety of tasks crucial to their own department and the rest of the organization. The tasks performed by IT departments generally include:
- Developing a comprehensive IT strategy
- Operating, maintaining, and documenting the existing set of organizational hardware, software, and information systems



Tasks Performed by IT Departments

- Setting standards for telecommunications and installing and maintaining local and wide area networks
- Developing, implementing, maintaining, and protecting organizational databases
- Evaluating, integrating, and selecting new information technology



Tasks Performed by IT Departments

- Training and providing technical support to internal end users
- Managing outside information system consultants and vendors
- Facilitating the transfer of information technology across organizational units



Questions

