

Chapter Review

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Organisation Structures

Objectives...

- 1 define and discuss the nature of organization design
- 2 identify factors likely to determine the design of organizations
- 3 explain the basic parts of organizations
- 4 evaluate common organization designs (structural forms)
- 5 compare centralisation and decentralisation
- 6 discuss organization levels in different contexts

Key Terms

Contingency approach to organization structure	a perspective which argues that an organization, to be effective, must adjust its structure in a manner consistent with the main type of technology it uses, the environment within which it operates, its size and other contextual factors
Design (structure) purpose	The primary purposes of design are to divide and allocate work and then coordinate and control that work so that goals are met
Functional Structure	The organization is structured according to functional areas such as finance, marketing and HR
Organizational design	The design of an organization patterns its formal structure and culture. It allocates purpose and power to departments and individuals. It lays down guidelines for authoritarian or participative management by its rigidity or flexibility, its hierarchical or non-hierarchical structure.
Organizational structure	The way in which the interrelated groups of an organization are constructed
Product Structure	The organization is structured according to related products or services
Structure	The structure of an organization is the way in which employees are formally divided into groups for co-ordination and control
Tall hierarchical structure	An organisation that has narrow spans of control and a relatively large number of levels of authority.

38. This chapter focused on how to (organise) make efficient and effective use of human resources in order to attain goals through design and structure. We identified the purpose of design - to divide up organizational activities, allocate resources, tasks and goals and to coordinate and control activities so that goals can be achieved. An appropriate design might yield benefits such as efficiency, access to specialized and location-embedded resources, enhanced innovation and the creation of operational flexibility; the design can impact upon performance through employee motivation, commitment and loyalty and has the ability to link interdependent activities.

39. Mintzberg identified five basic parts of an organizational structure: strategic apex, middle line, operating core, technostructure and support staff. This presents a broad framework to guide thoughts at the start of the design process. Departmentalization is a process of grouping employees together. Such employees can then be assigned line, functional or lateral relationships with one another. Employees are often grouped together by area, function/ specialism, product, customer group or process. Arguments stating why organizational parts should be configured in particular ways were presented through contingency theory. However, ultimately design is determined by decision-makers who make choices based on their predispositions (experience, values and beliefs).

40. The tools used to structure organizations include: organisational charts, job definitions, span of control, authority, responsibility and accountability descriptions. A key concept in contemporary design is decentralisation, where specific delegation is given to sub-units or groups within an organisation such that they enjoy a measure of autonomy or independence.

