"Components of Organizations"

Components of Organizational Structure

Part I: Job Design

Defining Job Design

- Job design is the determination of an individual’s work-related responsibilities
- Has an impact on job satisfaction and motivation

Job Design \[\leftrightarrow\] Satisfaction
\[\leftrightarrow\] Motivation

Job Specialization Method

- Begins with clear identification of the mission of the organization
- Mission is analyzed in terms of major functions
- Each function is broken into component tasks
**Benefits of Job Specialization**

- Workers gain proficiency in simple tasks
- Lower training costs
- Simplifies supporting equipment design

**Costs of Job Specialization**

- Leads to boredom and dissatisfaction
- Dissatisfaction can lead to absenteeism and lower performance

**Other Job Design Techniques**

- Job rotation
- Job enlargement
- Job enrichment

**Job Rotation**

- Moving employees from one job to another
- Limited use in practice
- Used for training
Job Enlargement

- Increases the total number of tasks that a worker performs
  - Increases level of “task variety”
- Adds to training costs
- Unions demand higher salaries
- Does not change the challenge of each task

Job Enrichment

- Increase in the variety of tasks performed AND worker control
- Requires that the more authority be given to workers
- Work is structured in more complete and logical units
- Requires a systematic analysis of functions and tasks
  - Seldom performed

Job Characteristics Design Approach

- Jobs are analyzed and improved along 5 dimensions:
  - Skill Variety - number of activities performed
  - Task Identify - identity of task relative to whole job
  - Task Significance - perceived importance of task
  - Autonomy - the degree of control worker has over work performed
  - Feedback - when the worker knows quality of job performance

Job Characteristics Model

<table>
<thead>
<tr>
<th>Factor</th>
<th>Psych. State</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skill Variety</td>
<td>Meaningfulness of work</td>
<td>-High motivation</td>
</tr>
<tr>
<td>Task Identity</td>
<td>Experienced responsibility</td>
<td>-High performance</td>
</tr>
<tr>
<td>Task Significance</td>
<td>Knowledge of results</td>
<td>-High satisfaction</td>
</tr>
<tr>
<td>Autonomy</td>
<td></td>
<td>-Low turnover</td>
</tr>
<tr>
<td>Feedback</td>
<td></td>
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</tr>
</tbody>
</table>
Summary of Job Design

- Jobs are the fundamental unit of the organization's task environment
- Job design involves many considerations
- Job design requires a method

Part II: Departmentalization

Departmentalizing

- Logical grouping of jobs
- Common ways to group jobs
  - By function
  - By product
  - By customer
  - By location

Functional Groups

- Advantages
  - Establishes core knowledge in each function (e.g., finance, engineering, sales)
  - Easier to manage because less variety of job functions to coordinate
  - Cognitive and information processing demands are lower for supervisors because jobs are similar
### Functional Groups (cont.)

**Disadvantages**
- Slows and delays decision-making
- Accountability for product line is diffused; harder to measure
- Sub-optimization principle - lose sight of organizational goals
- Interdepartmental rivalries and politics

### Product Groups

**Advantages**
- Promotes integration and coordination of product lines
- Improves speed of decision making
- Improves ability to assess and account for individual product performance

### Product Groups (cont.)

**Disadvantages**
- Encourages narrow product focus at expense of whole organization; "sub-optimization"
- Functional redundancy and higher cost
- Competition for resources among product groups

### Customer Groups

**Advantages**
- Structures organization to build core competence around needs of its customers
- Promotes better customer service and responsiveness

**Disadvantages**
- Problems with coordination and integration
- Higher administrative costs
Geographic Groups

- Advantages
  - Structures organization to build core competence around needs of its market niches based on region
  - Promotes responsiveness to regional needs and changes
- Disadvantages
  - Problems with coordination and integration
  - Higher administrative costs

Part III: Reporting Structures

Reporting Structure Concepts

- Chain of Command
  - Unity of command - each person has a clear reporting relationship to one and only one boss
  - Scalar Principle - clear and unbroken line from the lowest to the highest position in the organization
- Span of Control
  - The number of people who report to a manager

Span of Control

- Cognitive demands on manager rise with number of interactions
- All Interactions = Direct + Cross + Groups
  \[ I = N \left( \frac{2N}{2} + N - 1 \right) \]
- Example: \( N = 4 \Rightarrow 44 \)
- Example: \( N = 10 \Rightarrow 5,210 \)
- Example: \( N = 100 \Rightarrow 6.3 \times 10^3 \)
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**Span of Control (cont1)**
- Low N gives rise to tall organizations

**Span of Control (cont2)**
- High N gives rise to flat organizations

**Flat Organizations**
- Information technologies make possible flatter structures
- Advantages of flat organizations
  - Fewer layers
  - Promotes communication
  - Less expensive
  - Employees like fewer layers
- Disadvantages
  - Can lead to managerial overload and burnout

**8-Factor Model for Span of Control**
- 1. Competence of supervisor and subordinates
- 2. Physical dispersion of subordinates
- 3. Extent of nonsupervisory work in manager job
- 4. Degree of required interaction
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Model (cont.)

- 5. Extent of standardized procedures
- 6. Similarity of tasks being supervised
- 7. Frequency of new problems
- 8. Preferences of supervisors and subordinates

Part IV: Distributing Authority

Defining Authority

- The concept of authority allows certain members of the organization to make decisions pertaining to human and technological resources
- Authority can be distributed
- The distribution of authority determines different organizational forms

Delegating Authority

- Delegation is the transfer and assignment of authority from one person to another
- Three step process:
  - Assign responsibility
  - Grant authority
  - Create responsibility
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Impact of Authority on Organizational Forms

- Centralized organizations
  - Authority is concentrated at the top of the organization
  - Appropriate when decisions involve high risk
  - If organization lacks confidence in lower level DM's

Impact (cont)

- Decentralized organizations
  - Authority is distributed throughout all levels of the organization
  - Appropriate when environment is changing or complex
  - If organization has confidence in lower level DM's

Part V: Coordination

Coordination and Integration Defined

- Process of linking activities of various departments and subunits
- Recognizes interdependence of sub-units
  - Pooled - outputs combined after processing
  - Sequential - outputs of one group become inputs to another
  - Reciprocal - mutual flows of information and resources
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Integrating Mechanisms

- Managerial hierarchy
- SOP's
- Task forces
- Quality groups

Overall Summary

- Organizations are social systems that may designed from the ground up
- Organizational designers can operate on several control variables:
  - Jobs
  - Job grouping
  - Reporting relationships
  - Authority
  - Coordinating mechanisms

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