

WEEK 4

DESIGN ADAPTIVE ORGANISATIONS

CHAPTER 9



WEEK 4

LEARNING

OUTCOMES

After reading this chapter, you should be able to:

1. describe the departmentalisation approach and the various organising principles which can be applied to organisational structure
2. discuss different methods for job design
3. explain the methods that companies are using to redesign internal organisational processes
4. describe the methods that companies are using to redesign external organisational processes

STRUCTURE AND PROCESS

ORGANISATIONAL STRUCTURE:

- the vertical and horizontal configuration of departments, authority and jobs within a company

Answers questions: Who reports to whom? Who does what? Where is the work done?

ORGANISATIONAL PROCESS:

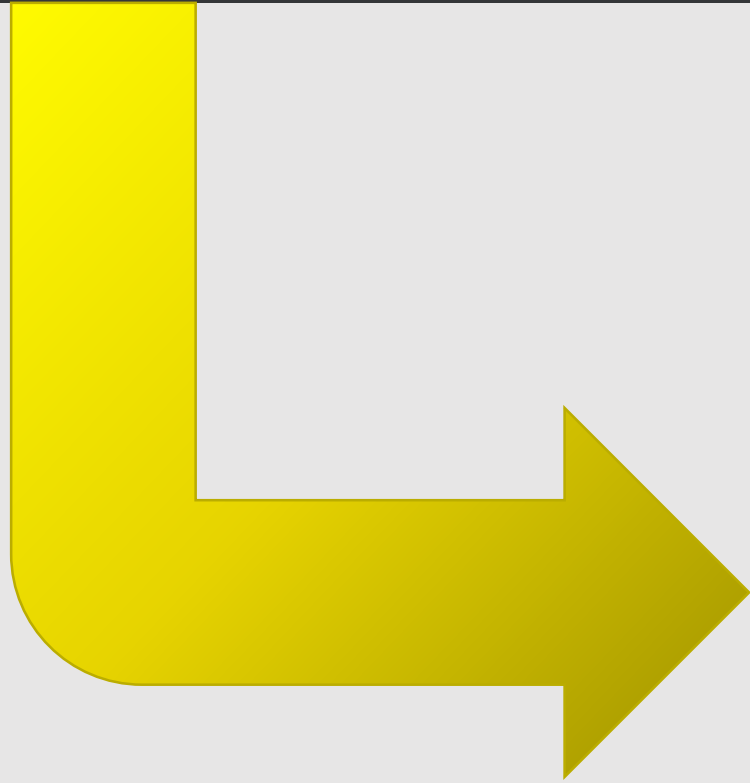
- the collection of activities that transform inputs into outputs that customers value

Focuses on how things get done rather than hierarchy of structure

DEPARTMENTALISATION

**Subdividing work and workers
into separate organisational
units responsible for
completing particular tasks.**

TYPES OF DEPARTMENTALISATION



Functional departmentalisation

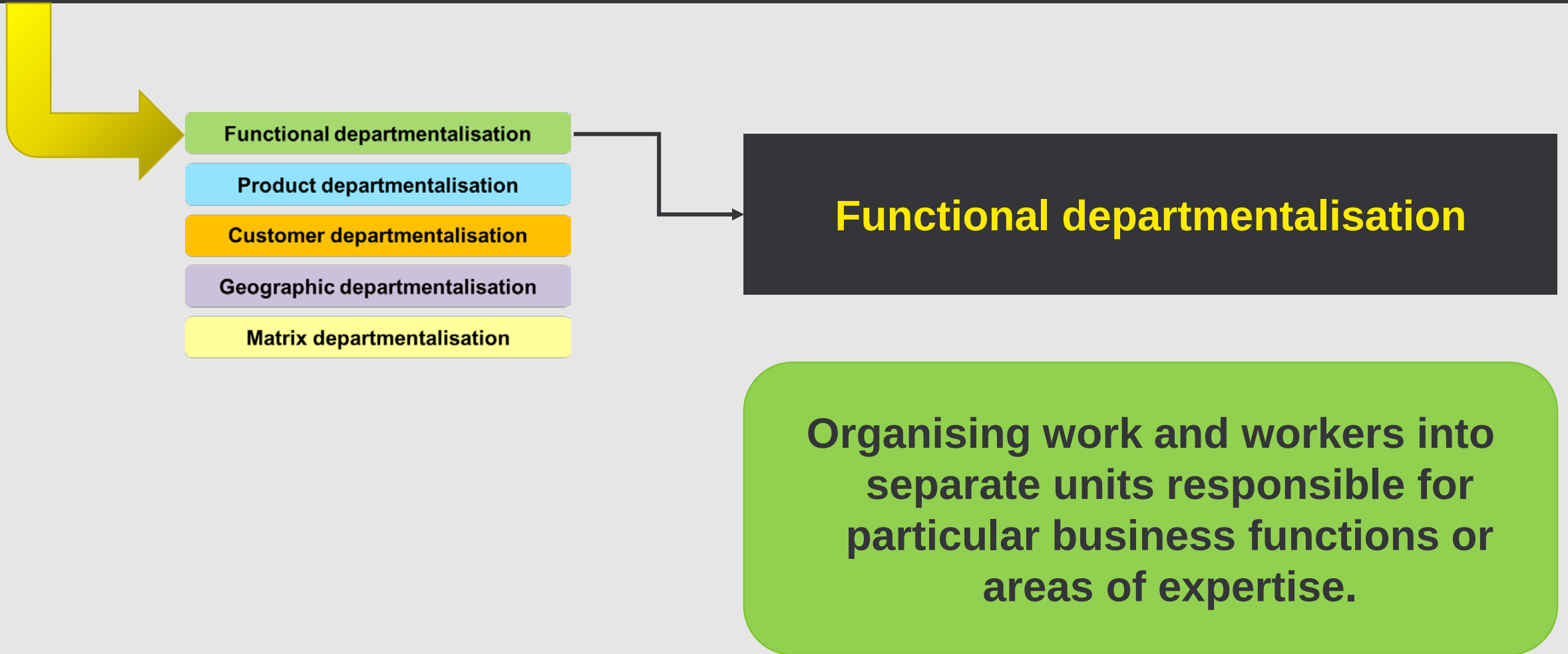
Product departmentalisation

Customer departmentalisation

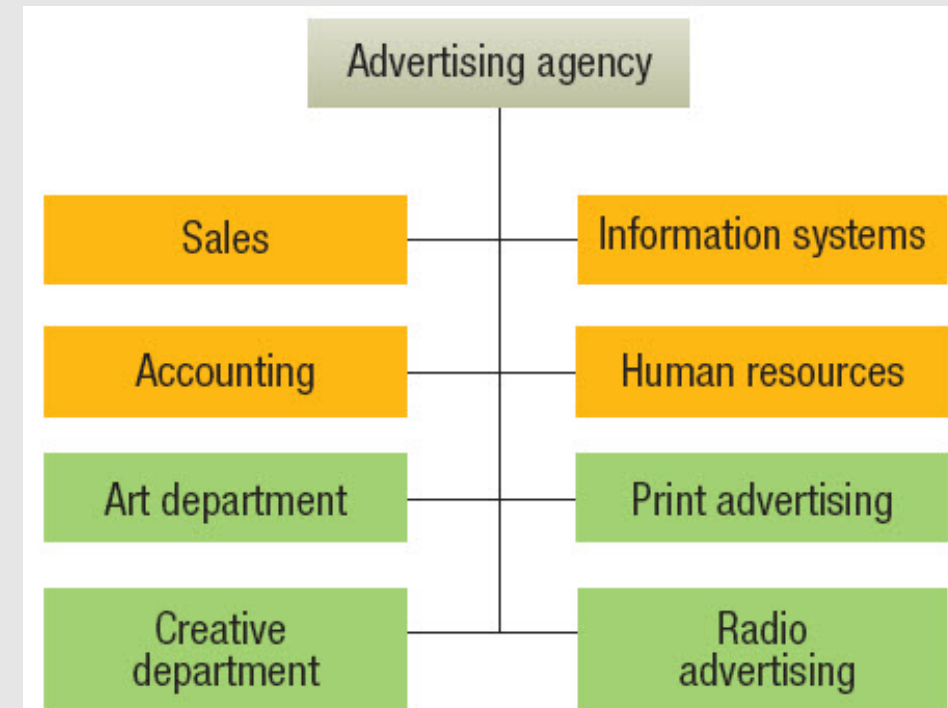
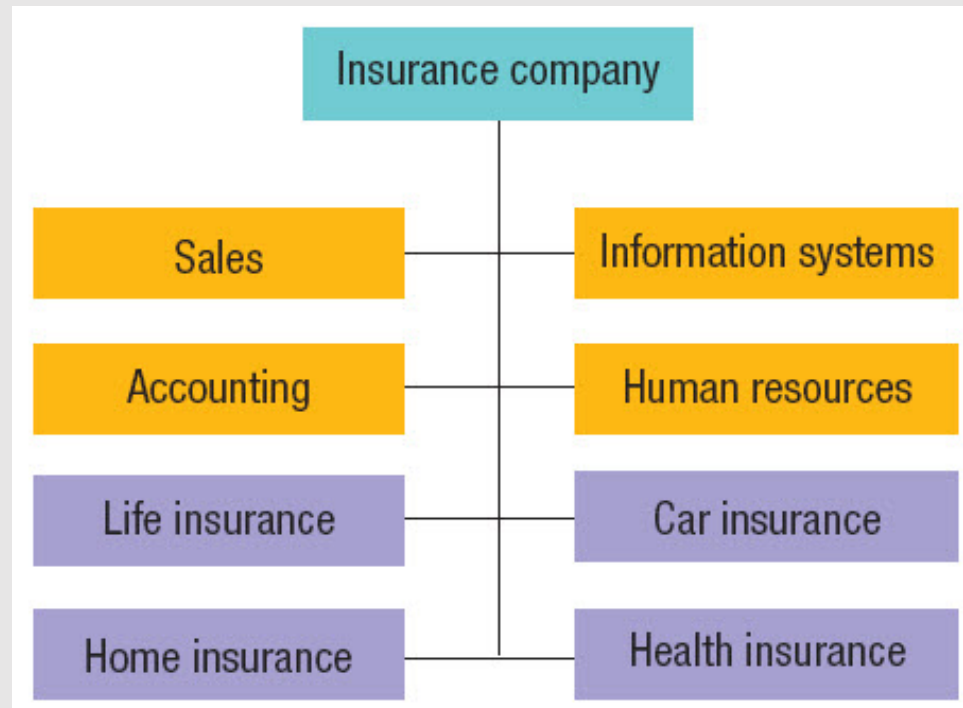
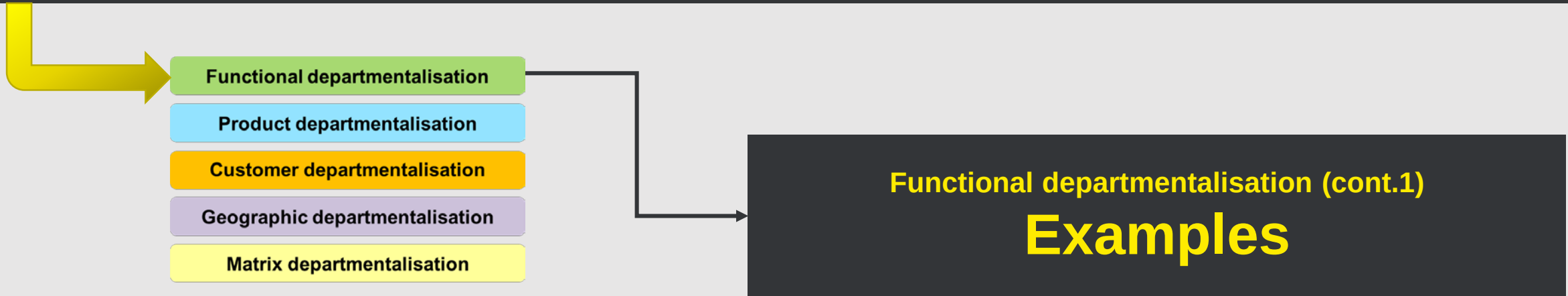
Geographic departmentalisation

Matrix departmentalisation

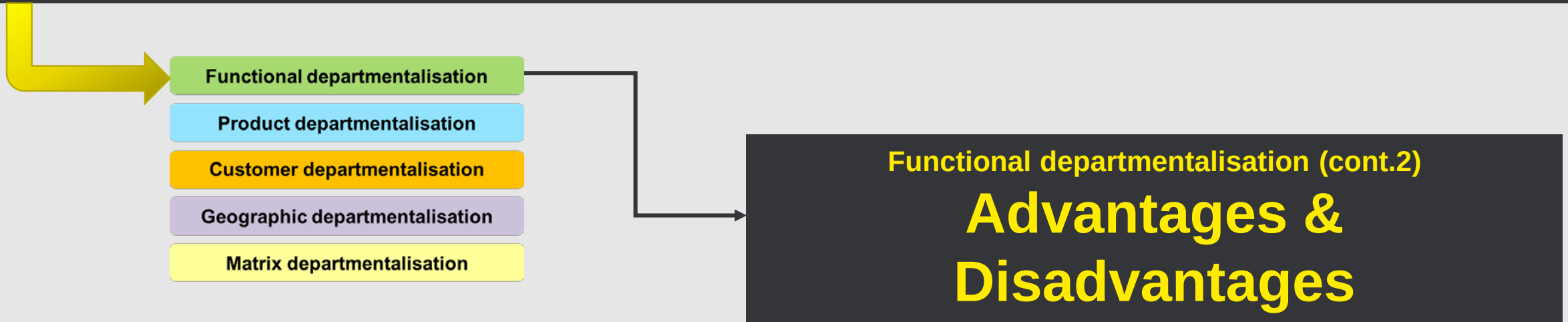
TYPES OF DEPARTMENTALISATION



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TYPES OF DEPARTMENTALISATION



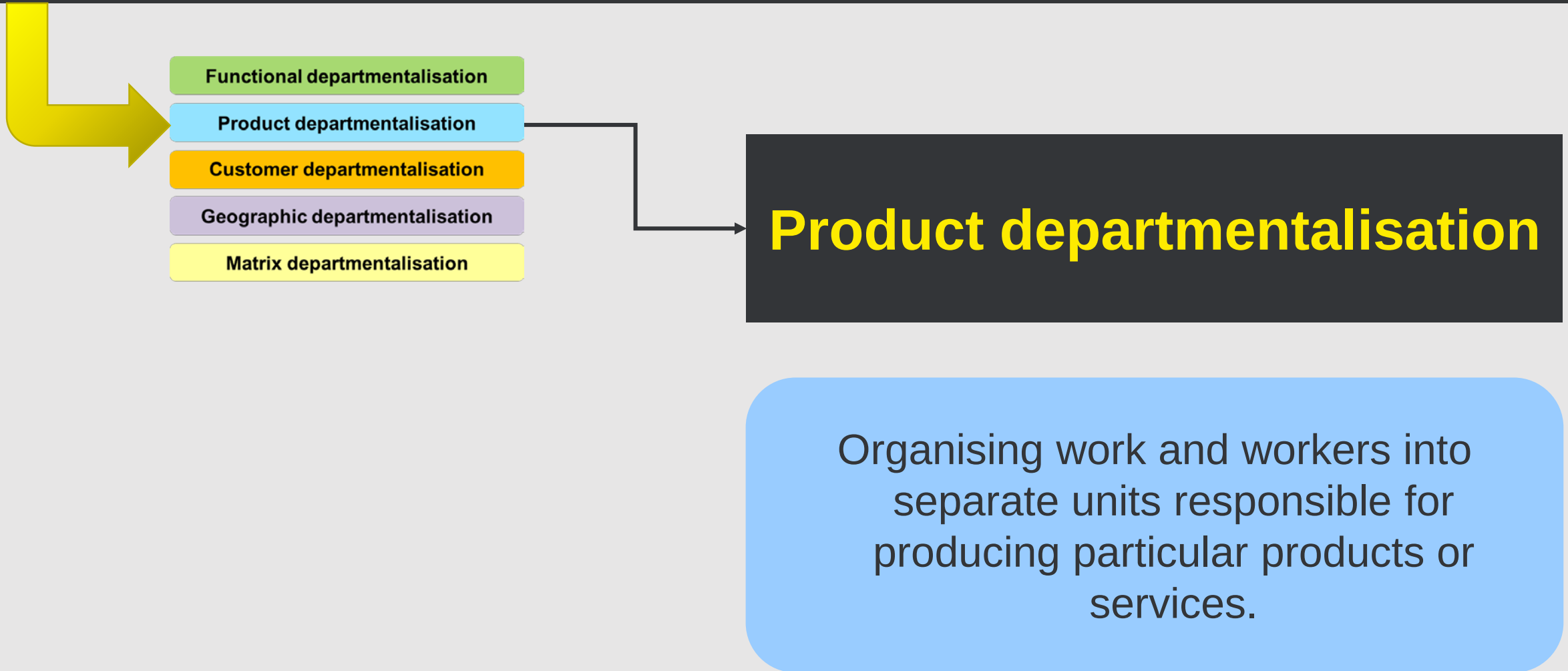
Advantages:

- Work is done by highly skilled specialists
- Lowers costs through reduced duplication
- Communication and coordination problems are lessened

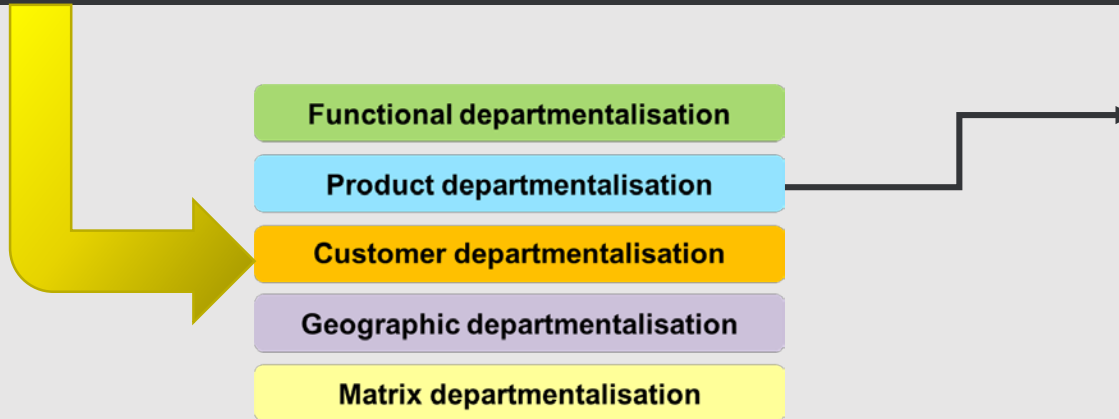
Disadvantages:

- Cross-department coordination can be difficult
- May lead to slower decision making
- Produces managers with narrow experiences

TYPES OF DEPARTMENTALISATION

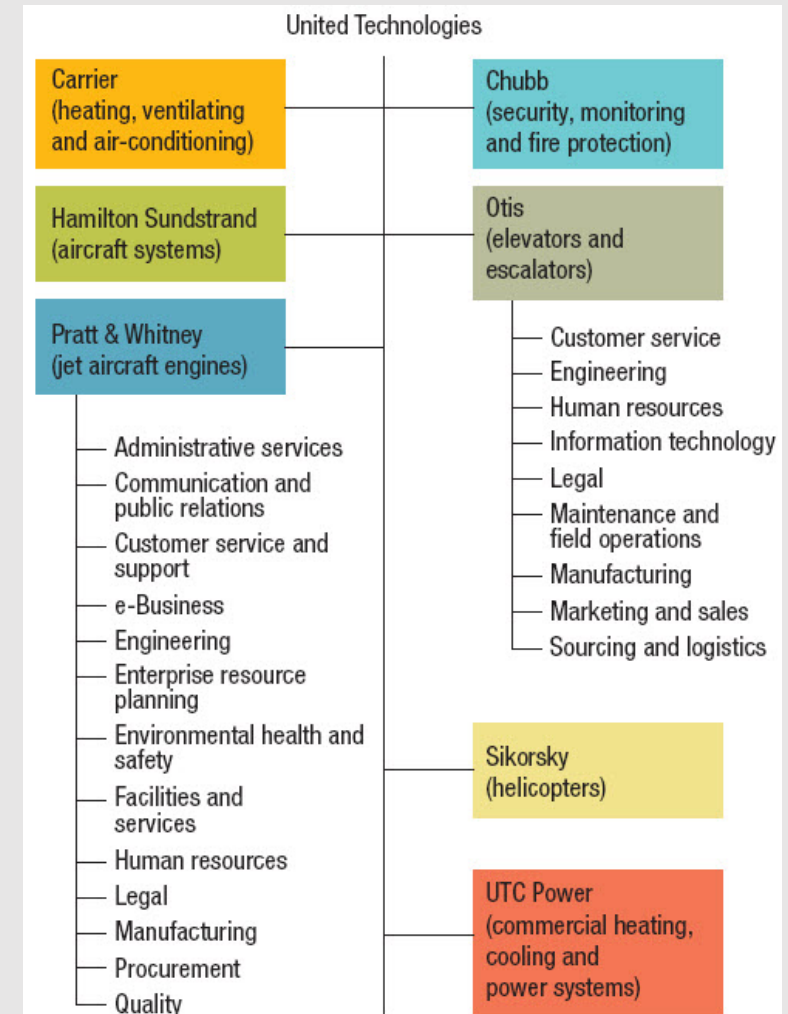


TYPES OF DEPARTMENTALISATION

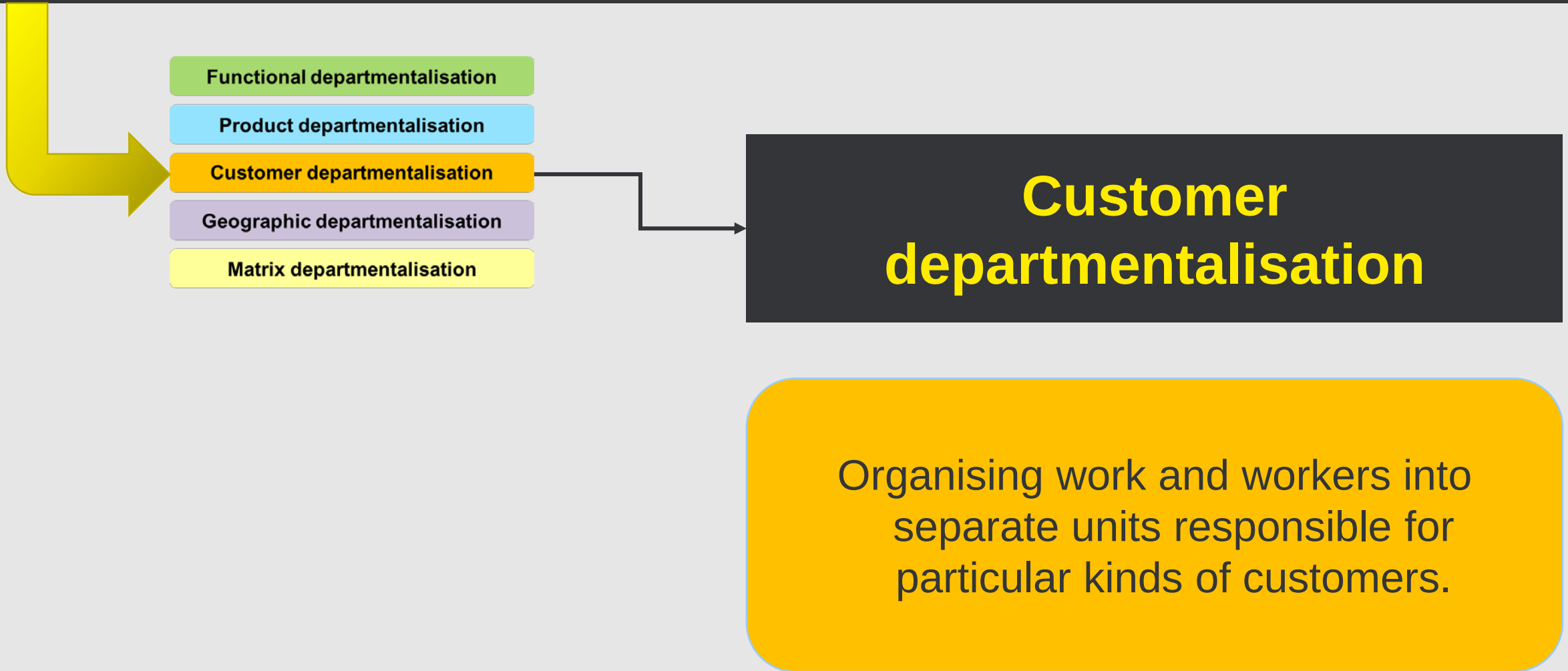


Product departmentalisation (cont.1)

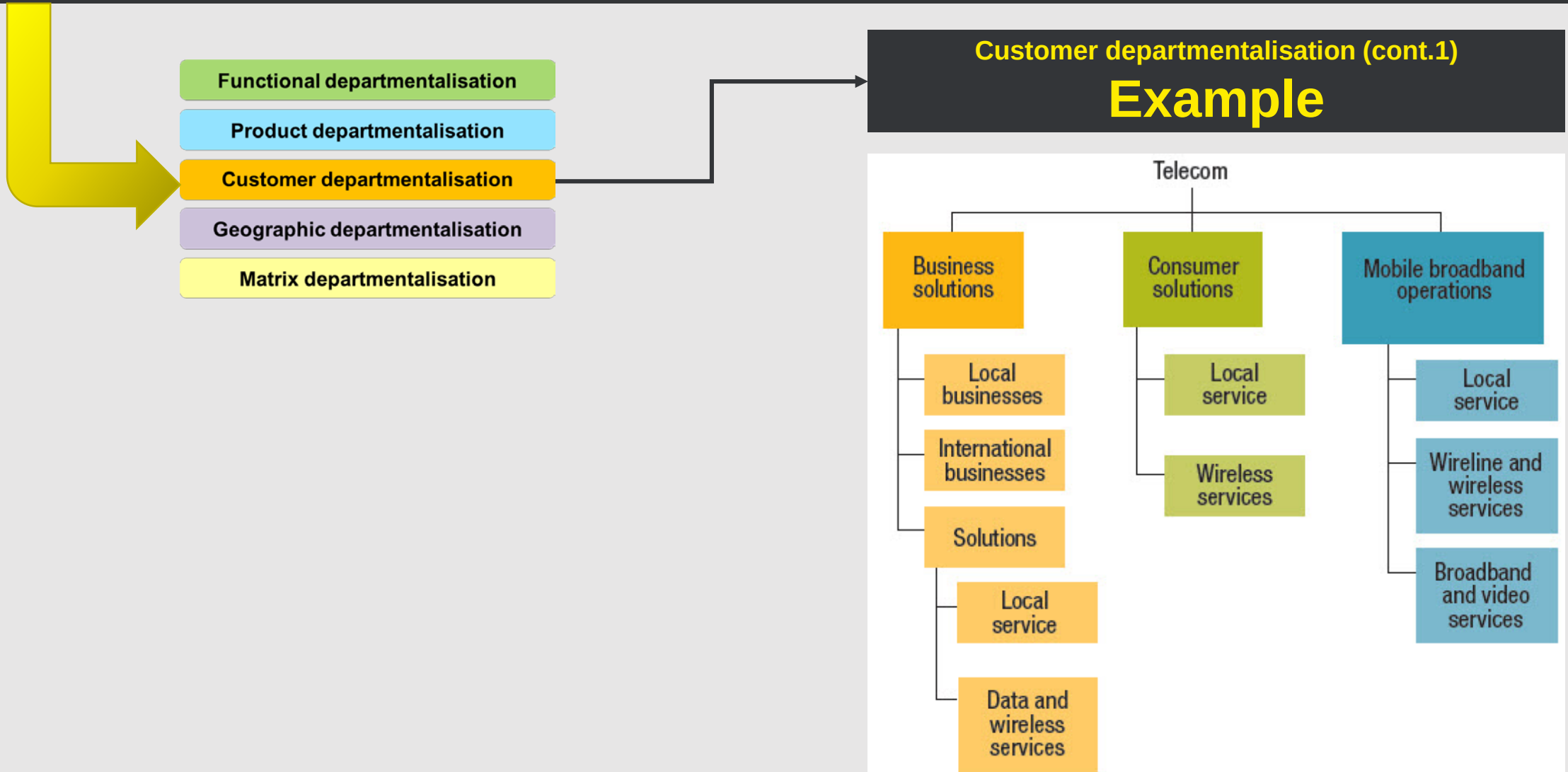
Example



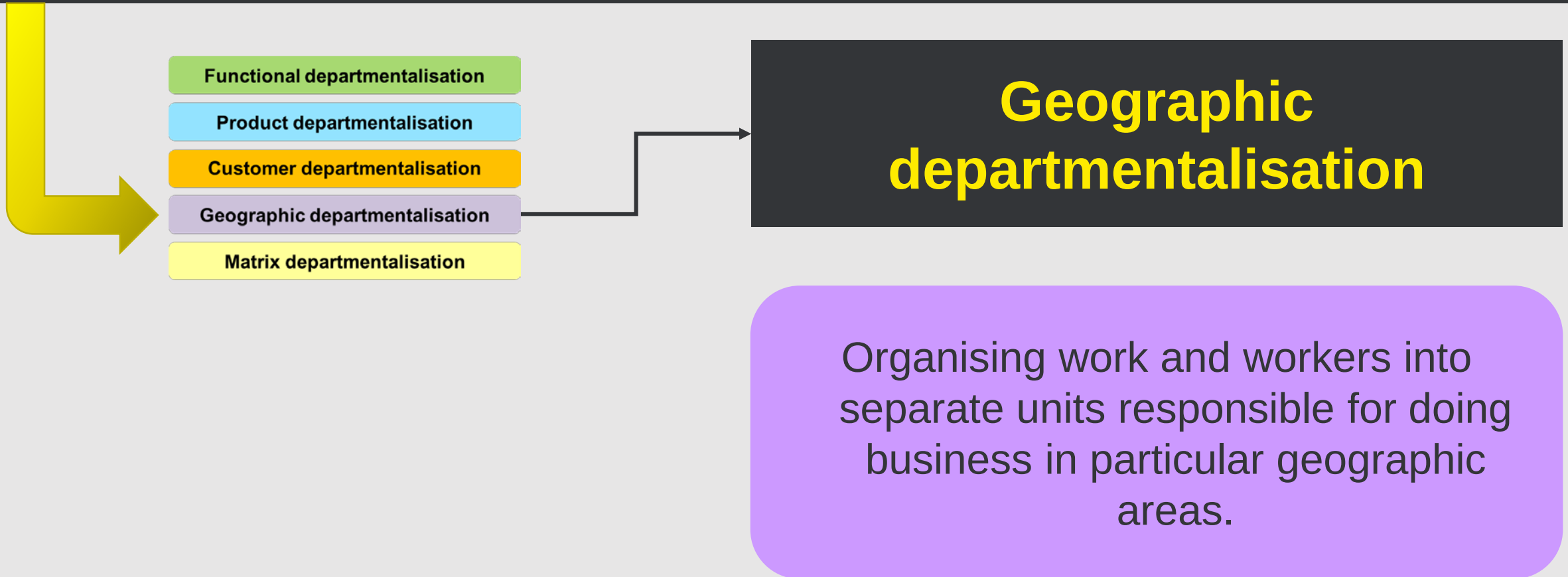
TYPES OF DEPARTMENTALISATION



TYPES OF DEPARTMENTALISATION



TYPES OF DEPARTMENTALISATION



TYPES OF DEPARTMENTALISATION

Functional departmentalisation

Product departmentalisation

Customer departmentalisation

Geographic departmentalisation

Matrix departmentalisation

Geographic departmentalisation (cont.1)

Example

Territories of operation

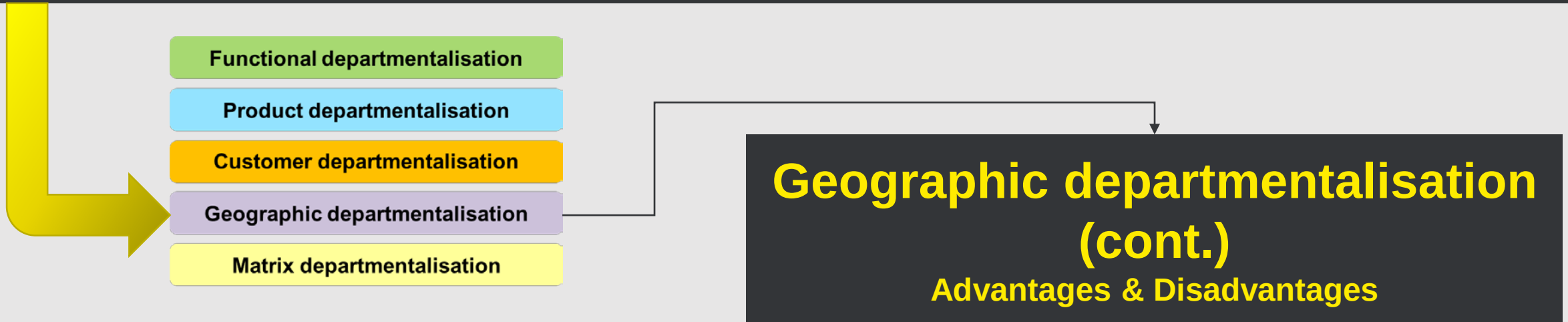


	POPULATION	PER CAPITA CONSUMPTION ¹	EMPLOYEES	FACILITIES ²
North American group	263m	300	63000	399
European group	146m	174	11000	32
Total company	409m	255	74000	431

(1) Number of eight-ounce servings consumed per person per year.
(2) Facilities include 18 production, 335 sales/distribution and 46 combination sales and production plants in North America; and 3 production and 17 sales/distribution plants in Europe.



TYPES OF DEPARTMENTALISATION



Advantages:

- Responsive to the demands of different market areas
- Unique resources located close to the customer

Disadvantages:

- Duplication of resources
- Difficult to coordinate across departments

TYPES OF DEPARTMENTALISATION



A hybrid organisational structure in which two or more forms of departmentalisation, most often product and functional, are used together.

Simple matrix: managers in different parts of the matrix negotiate conflicts and resources

TYPES OF DEPARTMENTALISATION



Advantages:

- Large, complex tasks are efficiently managed
- Pool of available resources

Disadvantages:

- Requires high levels of coordination
- Conflict between bosses
- Requires high levels of management skills

JOB DESIGN

The number, kind and variety of tasks that individual employees perform in doing their jobs.

Job specialisation

A job composed of a small part of a larger task or process

Job rotation

Periodically moving workers from one specialised job to another

Job enlargement

Increasing the number of tasks performed by a worker

Job enrichment

Adding more tasks and authority to an employee's job

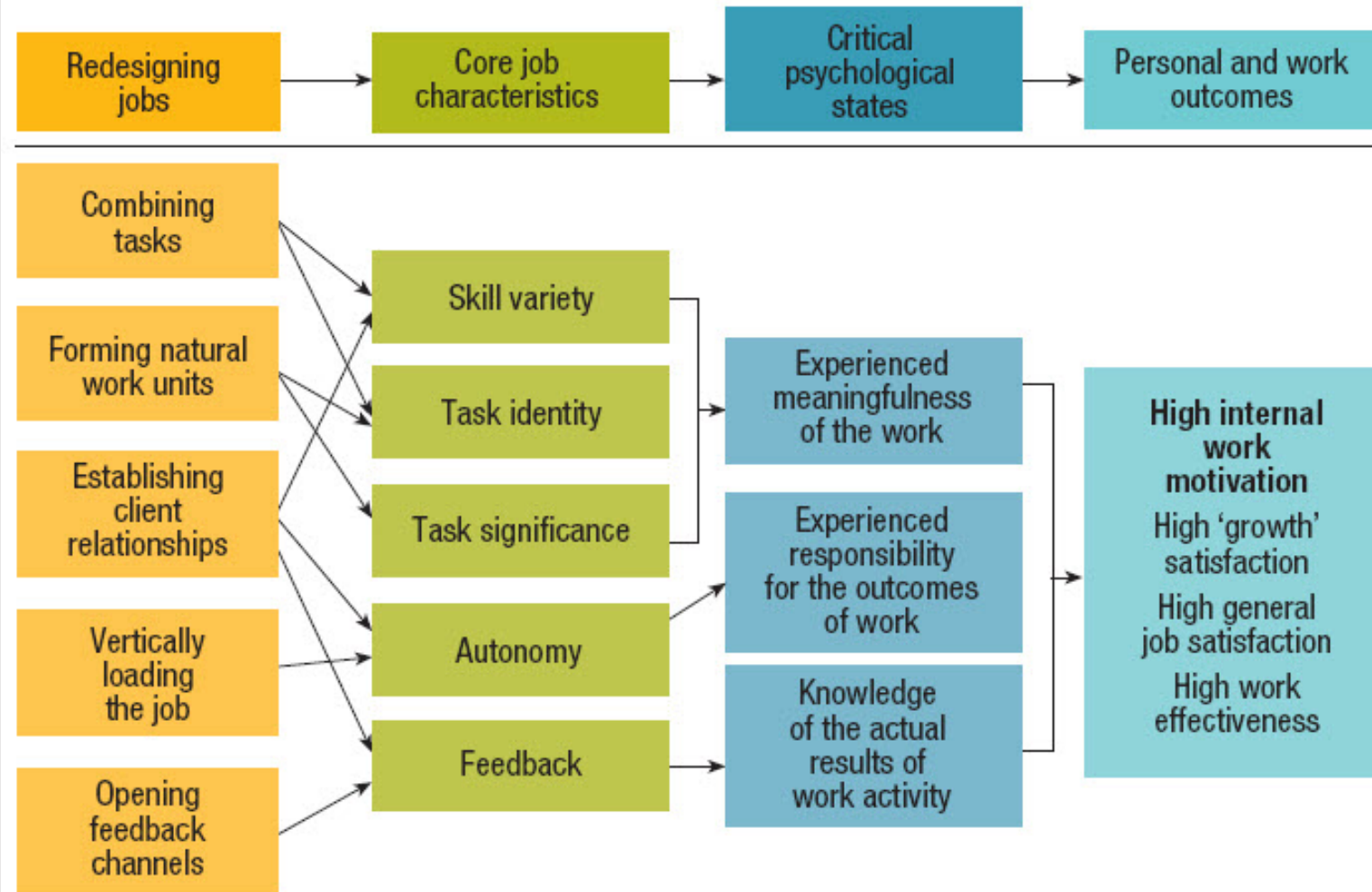


Job characteristics model

- An approach to job redesign that seeks to formulate jobs in ways that motivate employees and lead to positive work outcomes.
- Emphasises internal motivation, as employees must:
 - experience the work as meaningful
 - experience responsibility for work outcomes
 - have knowledge of results.

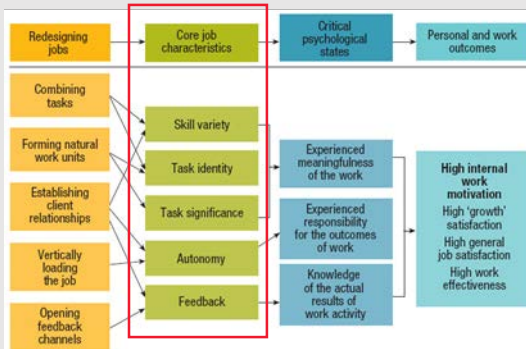
JOB DESIGN

Job characteristics model (Cont.)



JOB DESIGN

Job characteristics model (Cont.)



Core job characteristics

Skill variety

The number of different activities performed in a job

Task identity

How much a job, from beginning to end requires the completion of a whole and identifiable piece of work

Task significance

How much a job is perceived to have a substantial impact on others inside or outside the organisation

Autonomy

How much discretion, freedom and independence employees have to decide how and when to accomplish the job

Feedback

The amount of information a job provides to employees about their work performance

DESIGNING ORGANISATIONAL PROCESS



Mechanistic organisation

Characterised by specialised jobs and responsibilities; precisely defined, unchanging roles; and a rigid chain of command based on centralised authority and vertical communication

Organic organisation

Characterised by broadly defined jobs and responsibility; loosely defined, frequently changing roles; and decentralised authority and horizontal communication based on task knowledge

ORGANISATIONAL PROCESSES

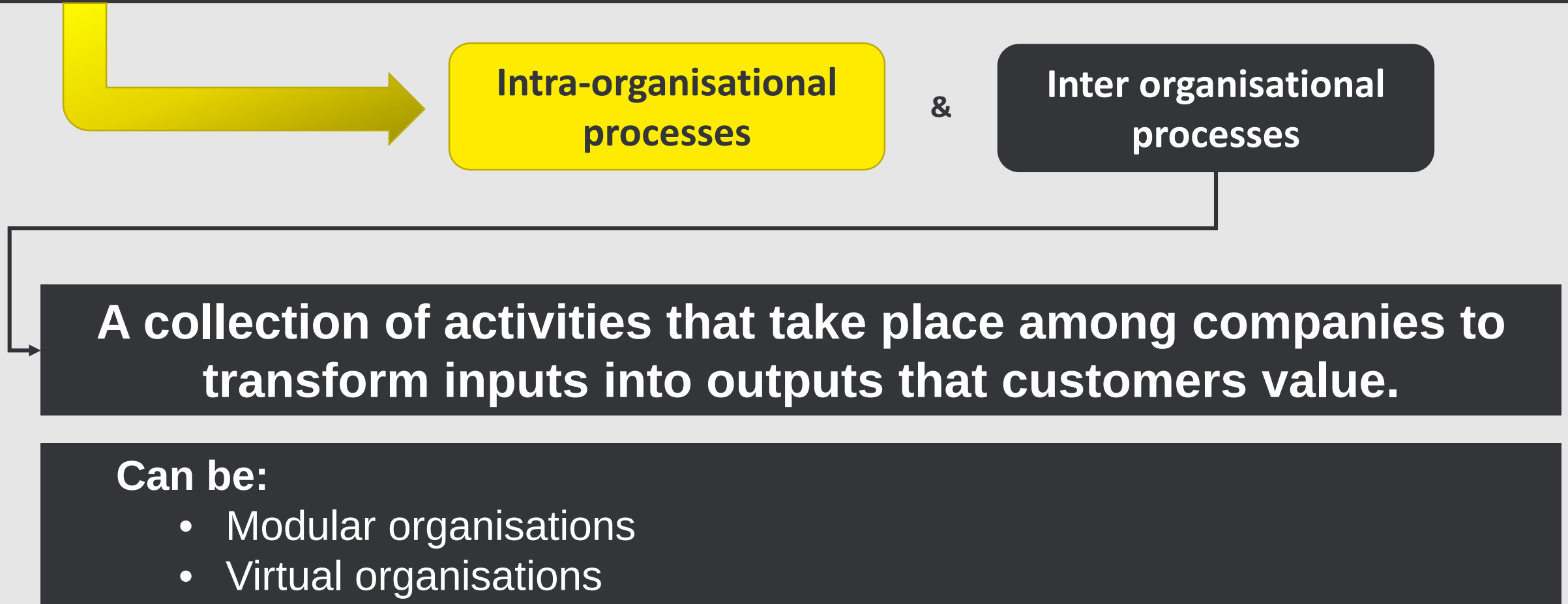


EMPOWERMENT

A feeling on intrinsic motivation, in which employees perceive their work to have impact and meaning, and perceive themselves to be competent and capable of self-determination.

Passing decision-making authority and responsibility from managers to employees by giving them information and resources they need to make and carry out good decisions.

ORGANISATIONAL PROCESSES



MODULAR ORGANISATIONS

Outsources non-core business activities to outside companies, suppliers, specialists or consultants.

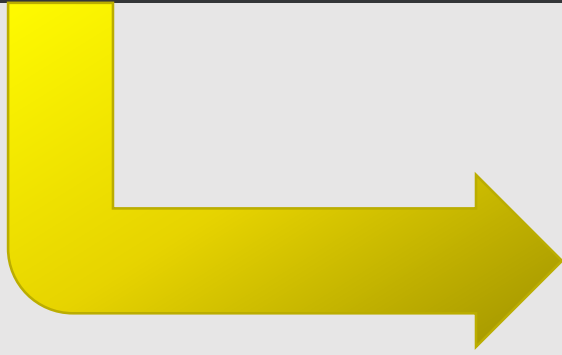
Advantages:

- Less costly: modular organisations pay for outsourced labour, expertise etc. only when needed
- Allows focus on core business competencies

Disadvantages:

- Loss of control
- May reduce competitive advantage

VIRTUAL ORGANISATIONS

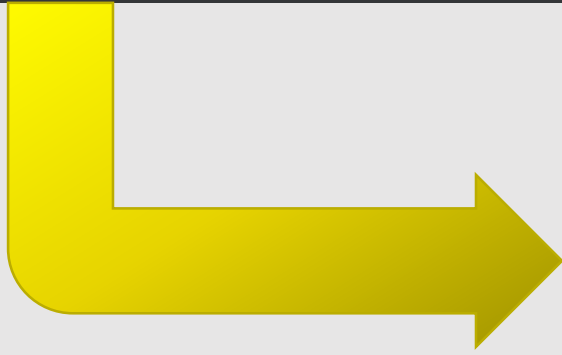


Part of a network in which many companies share skills, costs, capabilities, markets and customers to collectively solve customer problems or provide products or services.

Different from modular organisations:

- Virtual organisations work with some but not all organisations in the network alliance
- Inter-relationships with network organisations less stable and short-term than those in modular organisations

VIRTUAL ORGANISATIONS (CONT.)



Part of a network in which many companies share skills, costs, capabilities, markets and customers to collectively solve customer problems or provide products or services.

Advantages:

- Lets companies share costs
- Fast and flexible
- Being the 'best' should provide better products

Disadvantages:

- Difficult to control the quality of partners
- Requires tremendous management skills

NEXT WEEK – LEADING

