

ORGANIZING

(organizational design)

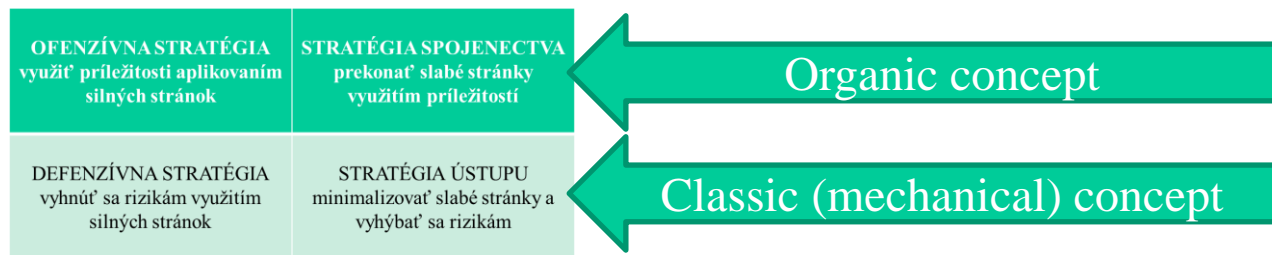
OUTLINE

- organizational design conditions
- mechanical types of organizational design
- organic types of organizational design

ORGANIZATIONAL DESIGN CONDITIONS

Key facts in choosing the right organizational design concept:

- **organization strategy**
 - organization size
 - technology used
 - organization environment
-
- choosing the right strategy has a major impact on the suitability / unsuitability of the concept



ORGANIZATIONAL DESIGN CONDITIONS

Key facts in choosing the right organizational design concept:

- organization strategy
 - **organization size**
 - technology used
 - organization environment
-
- size of organization can be defined as:
 - number of employees
(*higher numbers of employees requires higher formality and complexity – classic concept*)
 - the size of turnover
 - market position ...

ORGANIZATIONAL DESIGN CONDITIONS

Key facts in choosing the right organizational design concept:

- organization strategy
 - organization size
 - **technology used**
 - organization environment
-
- technical device
 - technological procedures / ability of quality realization (know-how)

ORGANIZATIONAL DESIGN CONDITIONS

Key facts in choosing the right organizational design concept:

- organization strategy
 - organization size
 - technology used
 - **organization environment**
-

Factors of organization environment

- markets
- competition
- political and economical stability

stability – classic concept

instability – organic concept

ORGANIZATIONAL DESIGN CONDITIONS

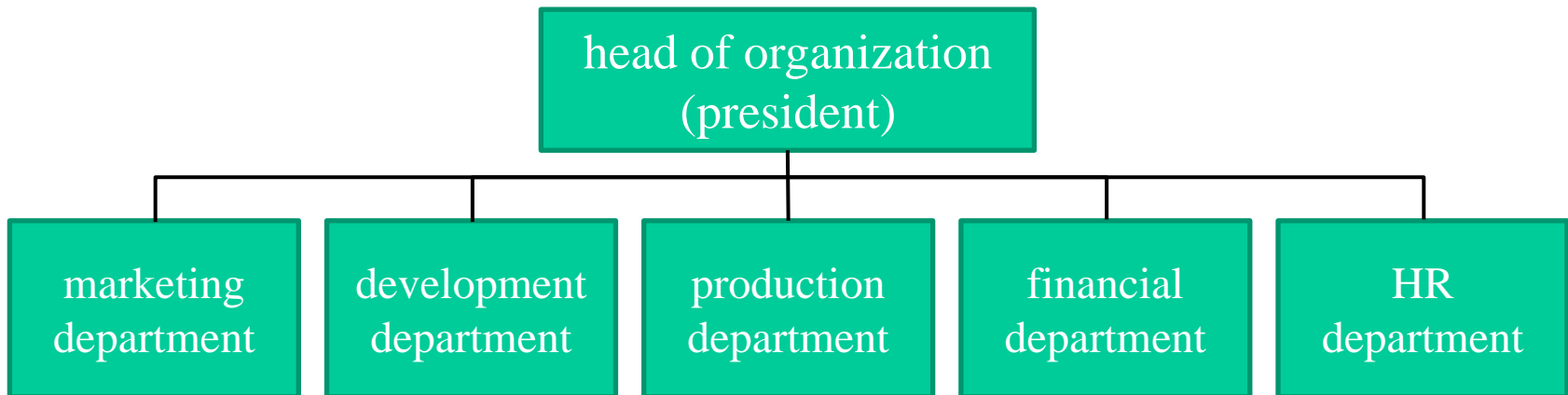
Kind of organizational design concepts / organizational structures

- classical (mechanical) types of organizational structures
 - functional organizational structure
 - divisional organizational structure
- organic types of organizational structures
 - simple organizational structure
 - project organizational structure
 - matrix organizational structure
 - network organizational structure
 - virtual organization (organizational structure)
 - committees structure

CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Functional (*lineage - staff*) organizational structure

- based on division of labour and specialization
- associating of similar activities and processes



CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Functional (*lineage - staff*) organizational structure

- based on division of labour and specialization
 - associating of similar activities and processes
-

Advantages:

- ensures consistent division of labour by activities
- allows consistent management and controlling
- respects principle of working specialization
- creates supposition for unification realised works
- reduces duplication of activities
- allows effective preparation, education and using of specialists

CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Functional (*lineage - staff*) organizational structure

- based on division of labour and specialization
 - associating of similar activities and processes
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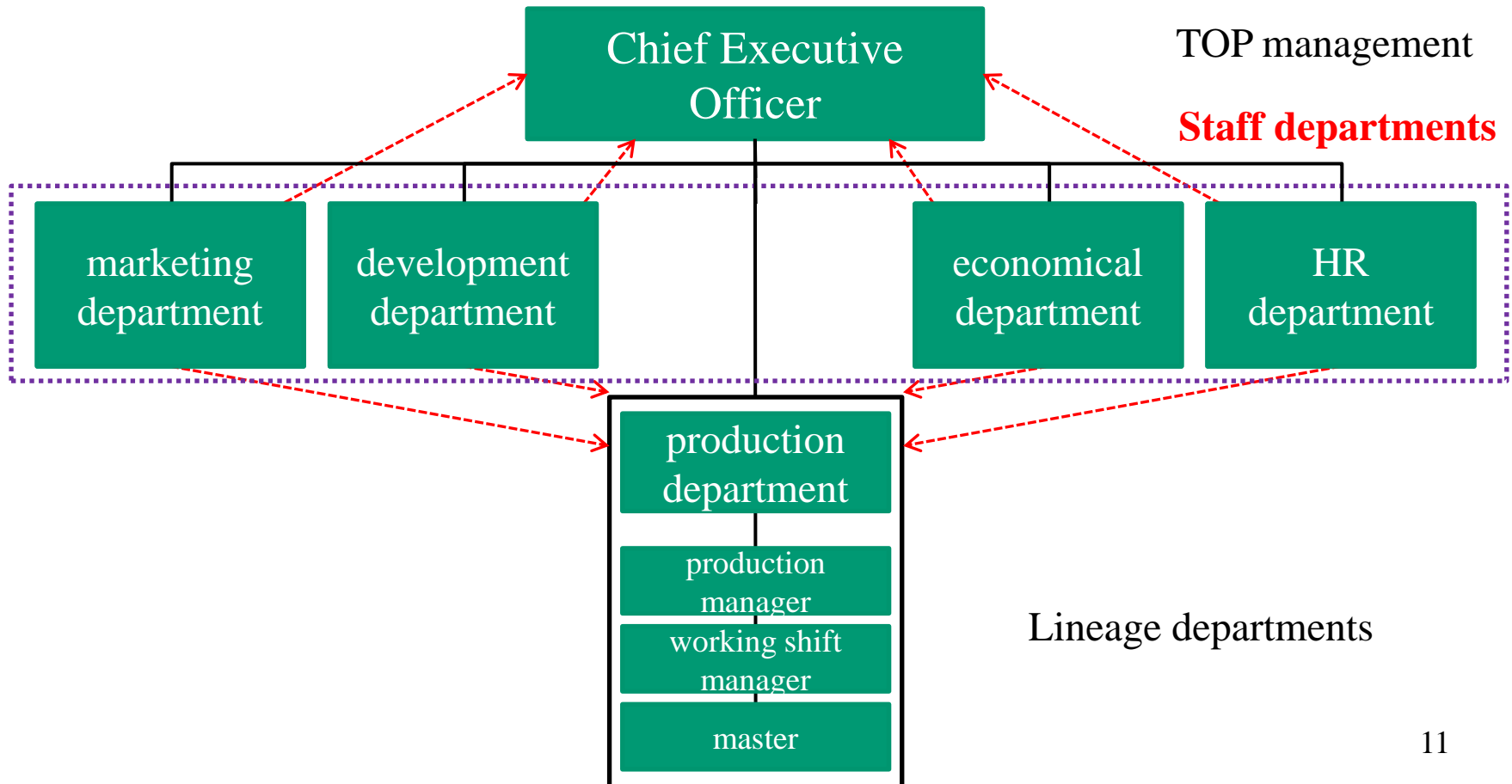
Disadvantages:

- problems in ensuring co-ordination between individual functional specialized activities
- little emphasis on the overall objectives of the organization
- the top management is busy with operative tasks
- there is a tendency towards increased decision-making centralization
- communication channels are being extended to the detriment of the change response time

CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Functional (*lineage - staff*) organizational structure

- based on division of labour and specialization
- associating of similar activities and processes



CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Staff departments perform professional, methodological and consulting tasks:

- collecting, processing and analysing the necessary information
- submitting proposals and recommendations for taking decisions
- providing advice and services to those who need them in the organization

Kind of staff departments:

- personal staff
- general staff
- specialised staff

CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Kind of staff departments:

- **personal staff**
 - general staff
 - specialised staff
-
- relieve the leader of the administrative work
 - optimize (plan) and organize the manager's working time

CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Kind of staff departments:

- personal staff
 - **general staff**
 - specialised staff
-

Expert advisor and assistant in activities that cannot be delegated

- processing of underlying materials
- solving one-off technical, organizational and economic problems
- handling requests, proposals and complaints
- removing communication noise....

CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Kind of staff departments:

- personal staff
 - general staff
 - **specialised staff**
-

It consists of functionally specialized experts

- it does not serve a particular person or function
- in his specialization, he provides advice or services to other departments
- methodically manages the staff of the same specialization at a lower level of management
- optimizes (plans) and organizes manager's working time

CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Divisional organizational structure

- allows to create autonomous organization elements (divisions)
- creates specialized, relatively closed internal organizational units

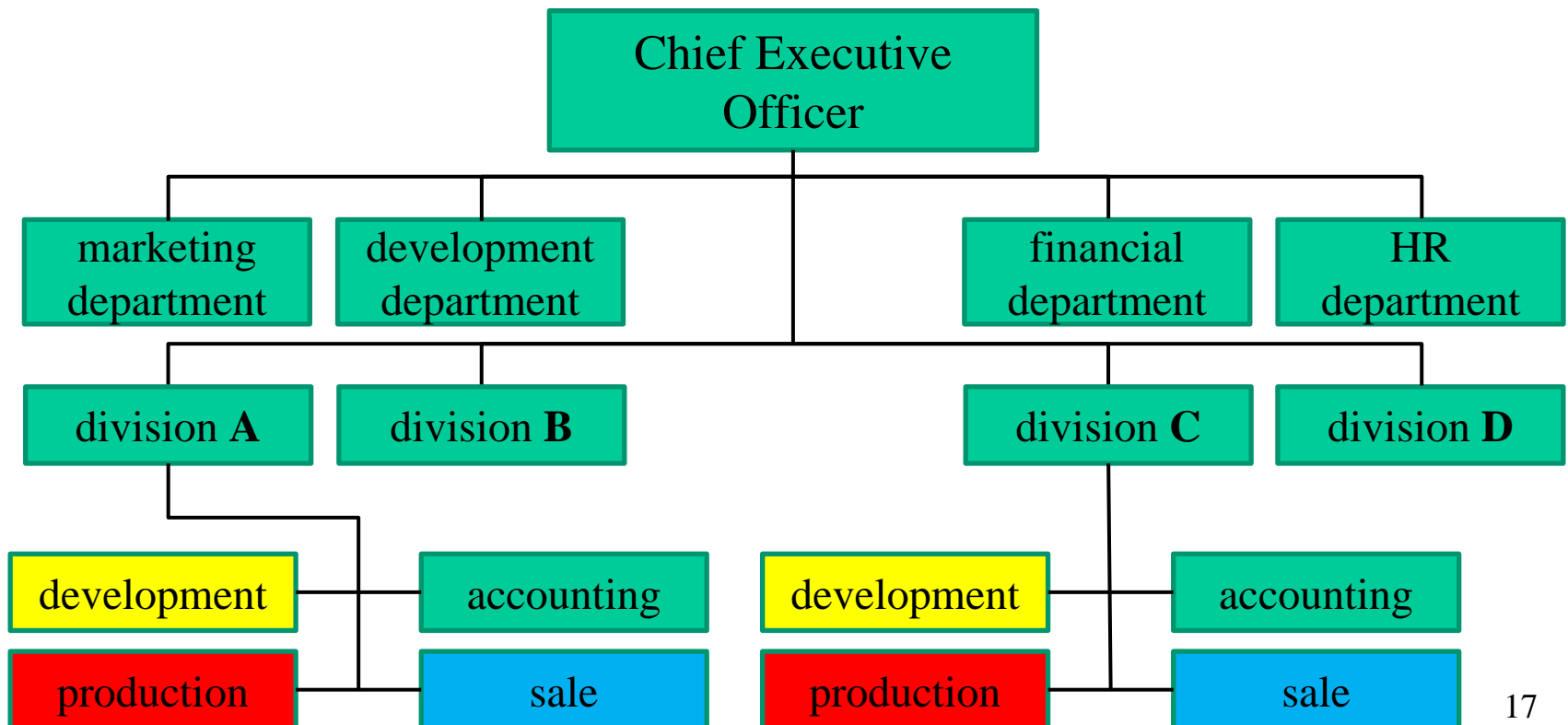
Models of divisional organizational structure:

- product model
- territorial model
- customers model

CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Models of divisional organizational structure:

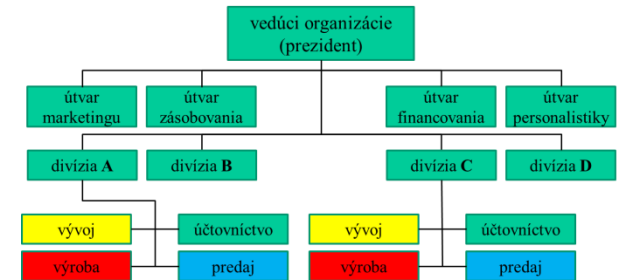
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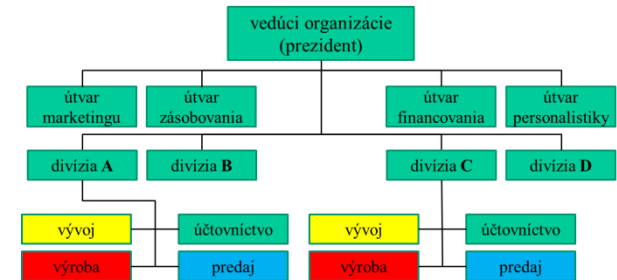
Advantages:

- strictly oriented to economical results
- the division manager is fully responsible for the results achieved
- relieving top management from operative activities associated with the operation of divisions
- top management has more time for conceptual work and strategic decision making
- creates a suitable environment for the training of middle and lower managers

CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Models of divisional organizational structure:

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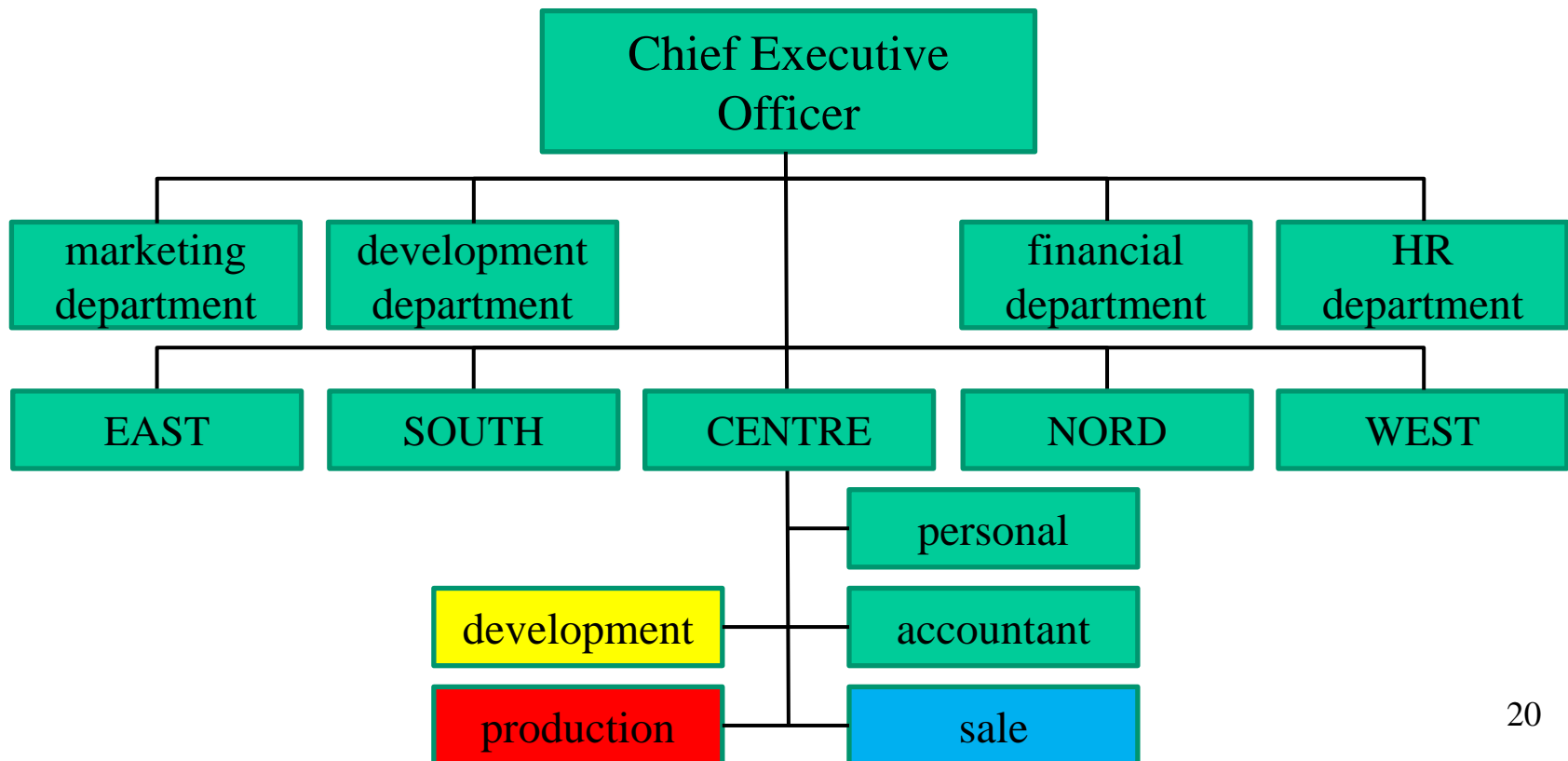
Disadvantages:

- the possibility of duplicating the same or very similar activities
- need more managers as a functional structure
- more complex control by TOP management

CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Models of divisional organizational structure:

- product model
- **territorial model**
- customers model



CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Models of divisional organizational structure:

- product model
- **territorial model**
- customers model



Advantages:

- emphasis on accountability at lower levels of management
- increased emphasis on local markets and local problems
- better communication in the territory
- exploiting the economic benefits of local operations
- better communication with local the persons interested
- possibility of better education and training of middle and lower managers

CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Models of divisional organizational structure:

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- **territorial model**
- customers model



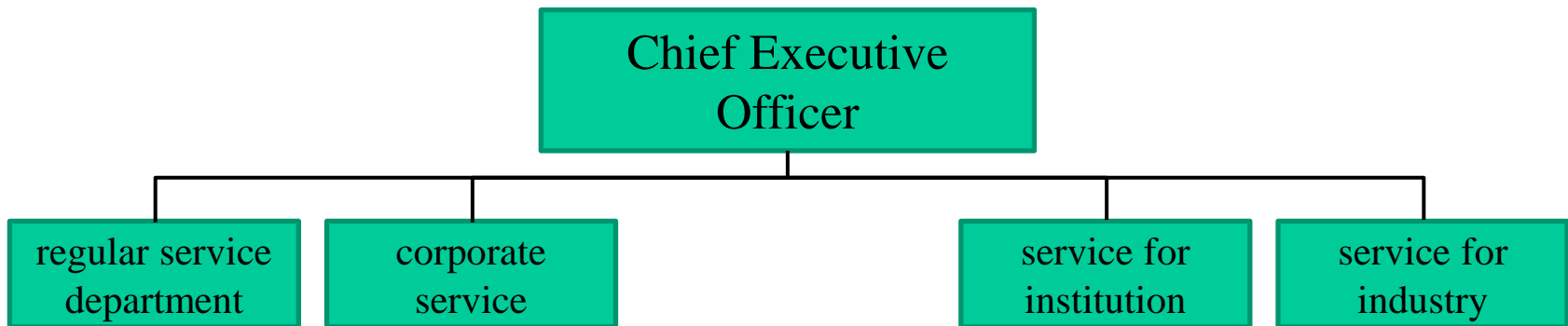
Disadvantages:

- requires more universal managers
- demanding servicing of central economic services
- more demanding control by top managers

CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Models of divisional organizational structure:

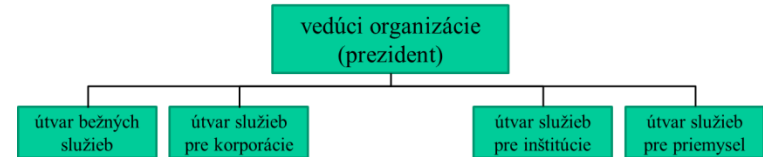
- product model
 - territorial model
 - **customers model**
-



CLASSICAL (MECHANICAL) TYPES OF ORGANIZATIONAL DESIGN

Models of divisional organizational structure:

- product model
- territorial model
- **customers model**



Advantages:

- emphasis on customer needs
- the customer has confidence in the supplier
- growth of quality marketing professionals

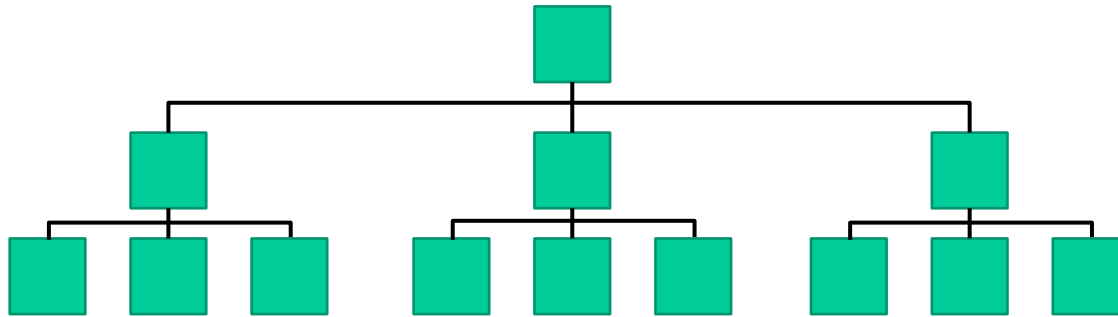
Disadvantages:

- it requires managers and professionals to control customer issues
- demanding coordination of operations due to conflicting customer requirements
- customer groups may not always be clearly defined

ORGANIC TYPES OF ORGANIZATIONAL DESIGN

Simple (*line*) organizational structure

- low level of formalization and complexity
- high centralization rate
- suitable for small businesses



Advantages:

- every worker has only one direct supervisor
- responsibilities, roles and responsibilities are clearly defined
- steering is flexible

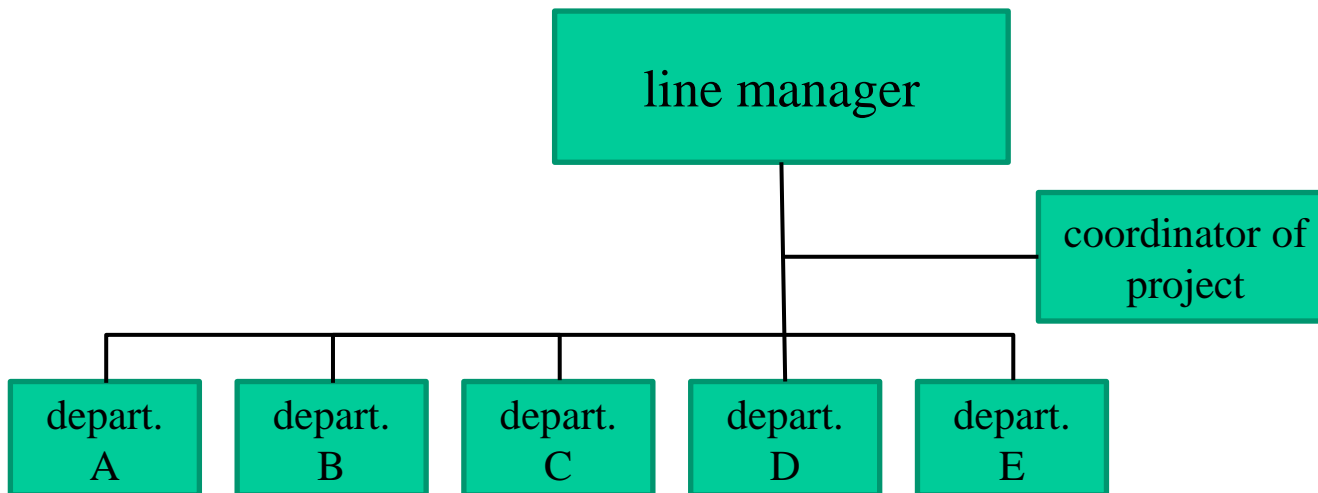
Disadvantages:

- a bigger organization requires a lot of specialized management work
- in development and growth it becomes a "brake" on the development of the organization (necessary division of labour)

ORGANIC TYPES OF ORGANIZATIONAL DESIGN

Project organizational structure

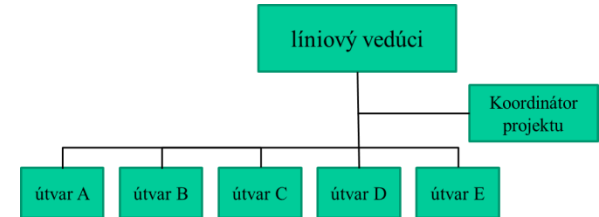
- **project coordination**
 - net project structure (organization)
-
- is one of the first attempts to implement a project organization
 - it is created because of the need to coordinate project-related work
 - the coordinator is one or more staff in charge of the line manager



ORGANIC TYPES OF ORGANIZATIONAL DESIGN

Project organizational structure

- **project coordination**
- net project structure (organization)



Advantages:

- there is no double subordination of workers
- high flexibility of use of professional staff
- inviting experts from other departments
- it does not require any changes to the organizational structure

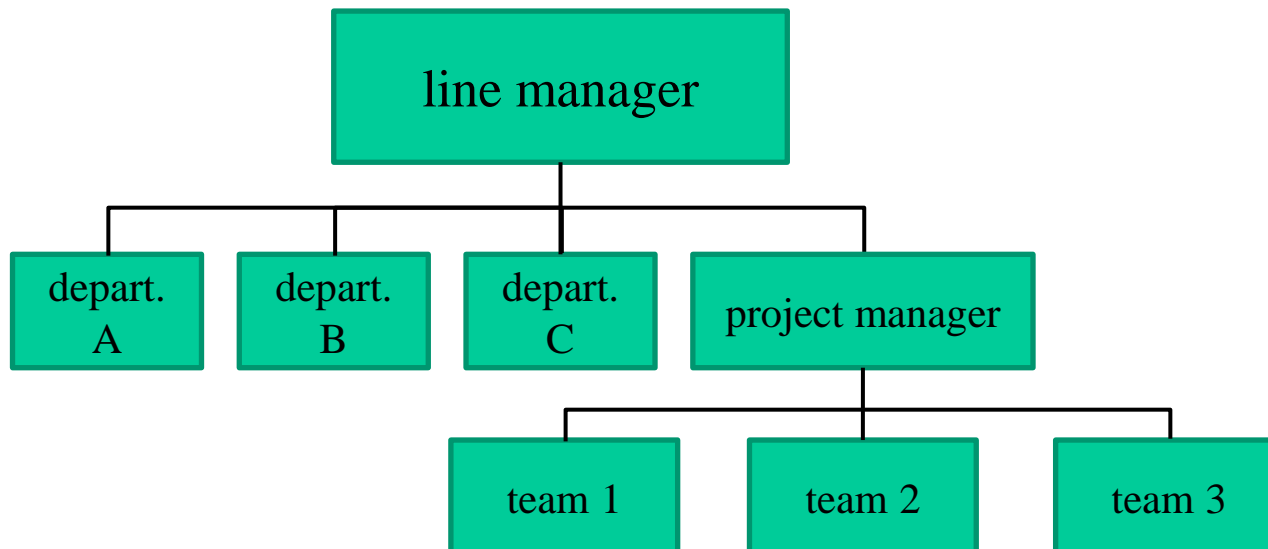
Disadvantages:

- unclear responsibility for the project
- low response to change
- relatively difficult project implementation
- the coordinator has no executive power

ORGANIC TYPES OF ORGANIZATIONAL DESIGN

Project organizational structure

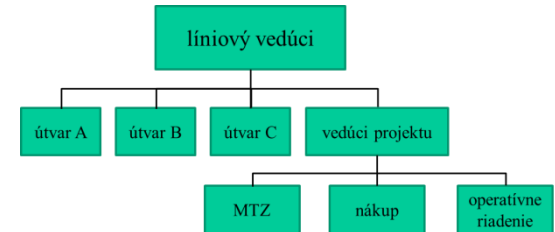
- project coordination
 - **net project structure (organization)**
-
- organizational structure only for project solution
 - creating a separate project department
 - the project group is temporary and after finishing of the project is closed
 - the project leader has specific competences and responsibility for the project



ORGANIC TYPES OF ORGANIZATIONAL DESIGN

Project organizational structure

- project coordination
- **net project structure (organization)**



Advantages:

- clear relations of superiority and subordination
- possibility of personal presentation of individual project team members
- clear decision-making processes
- direct control relationships
- restricting of conflicts interest

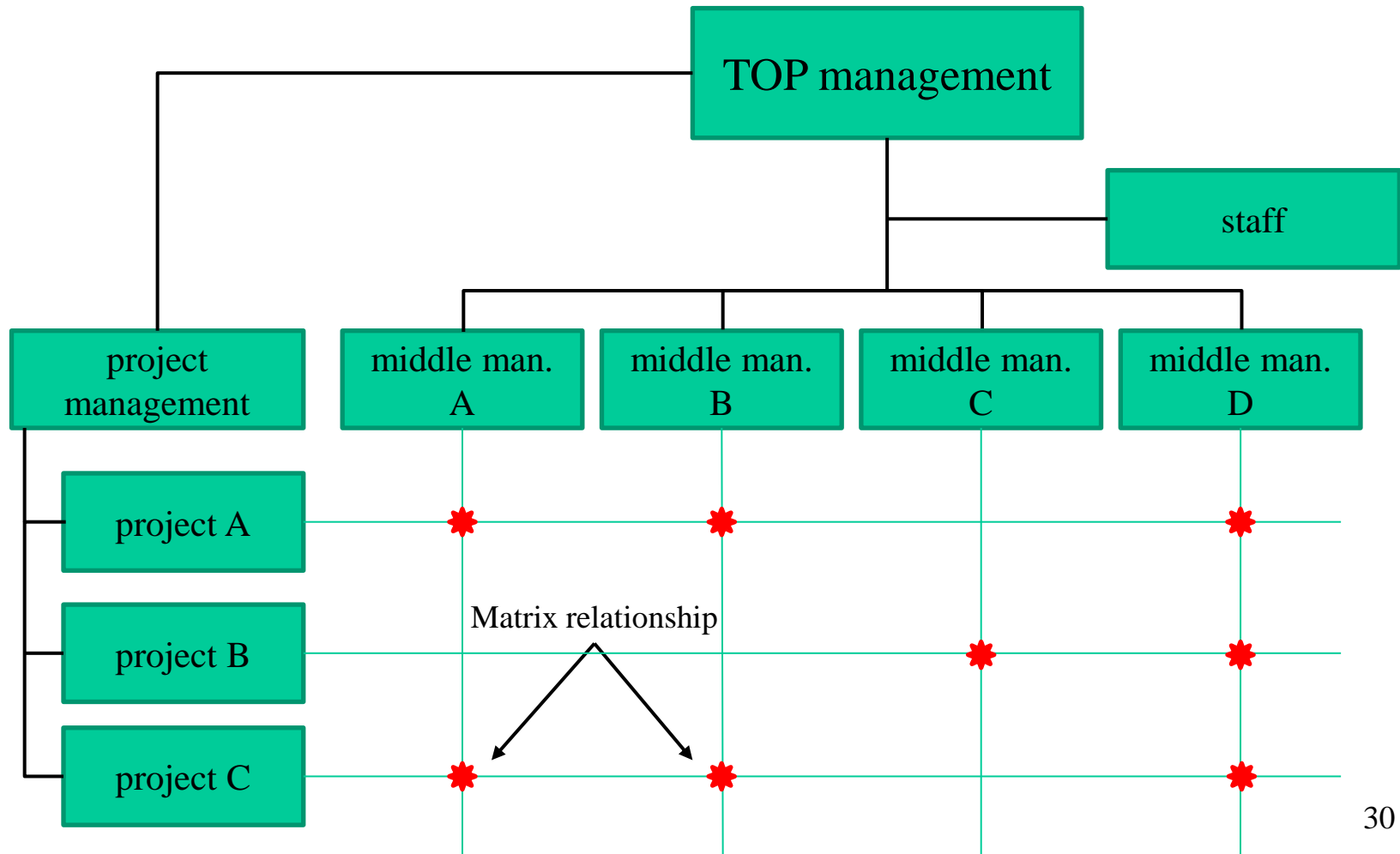
Disadvantages:

- project specialization suppresses the development of workers in other areas
- uncertainty of project team members because of the risk of loss of original positions
- the problem is to build an optimal project team

ORGANIC TYPES OF ORGANIZATIONAL DESIGN

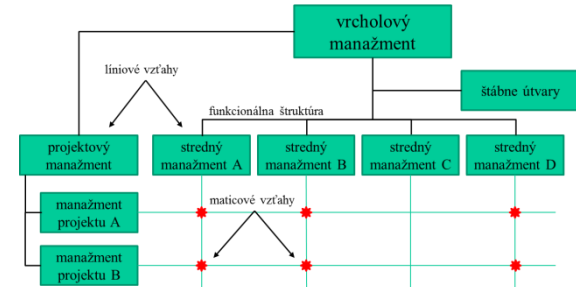
Matrix organizational structure

- the existing organizational structure is extended by the project structure



ORGANIC TYPES OF ORGANIZATIONAL DESIGN

Matrix organizational structure



Advantages:

- efficient and flexible use of highly qualified specialists
- employees remain part of the original organizational structure
- Possibility of continuous confrontation of project objectives with the overall objectives of the organization
- better use of available resources
- specialists can be used on multiple projects

Disadvantages:

- possibility of conflicts between line and project structure
- the possibility of conflicts due to double subordination
- high demands on the organizational and intellectual level of workers
- the demanding definition of competence and responsibilities increases administrative complexity
- complex decision-making on the using of financial resources

ORGANIC TYPES OF ORGANIZATIONAL DESIGN

Network (*economical*) organizational structure

- temporary organization of independent organizational units through contractual relationships
- complements mechanical and organic organizational structures
- it removes the inability of enough resources and knowledge
- Executive Group is the General Group

Development:

- transmission of static information in one direction (presentation, website ...)
- transmission of dynamic information in one direction
- bilateral exchange of dynamic information and its considerable integration
- complete integration of information flow, information in internal information systems

ORGANIC TYPES OF ORGANIZATIONAL DESIGN

Network (*economical*) organizational structure

Advantages:

- the possibility of increasing revenue by cooperation with other organizations (eliminating competitive pressures)
- obtaining sufficient resources and knowledge (enhancing quality, penetrating new markets)
- lowering costs by carrying out joint research, marketing or production (a quick, efficient and effective way of expanding knowledge and skills)
- appropriate way to expand cooperation without the need for full integration
- development of interactions between people and their application in multiple roles

Disadvantages:

- primarily based on informal relationships with less developed communication infrastructure, the cost of maintaining network relationships can increase
- a human factor can create a problem in creating a flexible structure (old stereotypes are emerging in addressing new problems, skilled support may not help)

ORGANIC TYPES OF ORGANIZATIONAL DESIGN

Virtual organizational structure

- a number of smaller organizations agree to share information feeds as a major communication medium
- dispersed organization bringing together members with a common long-term interest (goal) who communicate and coordinate through IT

ORGANIC TYPES OF ORGANIZATIONAL DESIGN

Virtual organizational structure

Advantages:

- flexibility and adaptability
- better use of resources and lower costs
- access to a wider range of specialized resources
- greater territorial reach (no headquarters required)
- effective communication (predominance of informal relationships)
- self management
- possibility to work from home (home base)
- simple ending work

Disadvantages:

- limited social contacts, weakened loyalty to the company
- issues with synchronization activities (distances, time shift)
- language and cultural barriers
- problematic upgrading of equipment (most use their own equipment)
- possibilities of misuse of information sources

ORGANIC TYPES OF ORGANIZATIONAL DESIGN

Committees structure

- purposely created groups for a specific period or to solve specific tasks
- these are usually advisory bodies to line managers

SOURCES

Author	Title	ISBN	chapter
MAJTÁN Miroslav a kolektív	Manažment	978-80-89710-27-0	7
MLÁDKOVÁ Ludmila , JEDINÁK Petr a kolektív	Management	978-80-7380-230-1	4

Any
questions?!?